

Annual Comprehensive Financial Report



Life Connected.

City of Celina, Texas
Fiscal Year
Ending September 30, 2022

City of Celina, Texas
Annual Comprehensive Financial Report



Life Connected.

Fiscal Year Ended September 30, 2022

ELECTED OFFICIALS:

Sean Terry, Mayor

Jay Pierce, Mayor Pro-Tem, Place #2

Wendie Wigginton, Deputy Mayor Pro-Tem, Place #4

Philip Ferguson, Place #1

Andy Hopkins, Place #3

Mindy Koehne, Place #5

Tony Griggs, Place #6

CITY MANAGER OFFICE:

Jason Laumer, City Manager

Karla Stovall, Assistant City Manager

Kimberly Brawner, Assistant City Manager

PREPARED BY:

Robin Bromiley, MSA, CGFO – Director of Finance

Stormy Johnson, CPA, CGFO, CPM – Assistant Finance Director



Life Connected.

City of Celina, Texas
Annual Comprehensive Financial Report
Fiscal Year Ended September 30, 2022
Table of Contents

	<u>Page</u>
Introductory Section	
Letter of Transmittal.....	i
GFOA Certificate of Achievement.....	xi
Organizational Chart.....	xii
Financial Section	
Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	16
Statement of Activities	17
Governmental Fund Financial Statements	
Balance Sheet – Governmental Funds.....	18
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	19
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	22
Proprietary Fund Financial Statements	
Statement of Net Position – Proprietary Fund.....	23
Statement of Revenues, Expenses, and Changes in Net Position –Proprietary Fund	24
Statement of Cash Flows – Proprietary Fund.....	25

City of Celina, Texas
Annual Comprehensive Financial Report
Fiscal Year Ended September 30, 2022
Table of Contents

	<u>Page</u>
Notes to Financial Statements	27
 Required Supplementary Information	
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios	62
Schedule of Contributions	63
Schedule of Changes in Total OPEB Liability and Related Ratios	64
 Combining and Individual Fund Financial Statements and Schedules	
 Major Governmental Funds	
Listing of Major Governmental Funds	65
Budgetary Comparison Schedule (GAAP Basis) – Debt Service Fund	66
 Nonmajor Governmental Funds	
Listing of Nonmajor Funds	67
Combining Balance Sheet	68
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	69
 Discretely Presented Component Units	
Balance Sheet – Celina Economic Development Corporation	70
Statement of Revenues, Expenditures, and Changes in Fund Balance – Economic Development Corporation	71
Balance Sheet – Celina Community Development Corporation	72
Statement of Revenues, Expenditures, and Changes in Fund Balance – Community Development Corporation	73

City of Celina, Texas
Annual Comprehensive Financial Report
Fiscal Year Ended September 30, 2022
Table of Contents

	<u>Page</u>
Statistical Section (Unaudited)	
Statistical Section Table of Contents.....	74
Table 1: Net Position by Component	75
Table 2: Changes in Net Position	76
Table 3: Governmental Activities-Tax Revenues by Source	78
Table 4: Fund Balances-Governmental Fund.....	79
Table 5: Changes in Fund Balances-Governmental Funds.....	81
Table 6: Assessed Value of Taxable Property.....	83
Table 7: Direct and Overlapping Property Tax Rates	84
Table 8: Principal Property Tax Payers	85
Table 9: Property Tax Levies and Collections	86
Table 10: Ratio of Outstanding Debt by Type	87
Table 11: Ratio of General Bonded Debt Outstanding.....	88
Table 12: Legal Debt Margin Information	89
Table 13: Direct and Overlapping Governmental Activities Debt	90
Table 14: Pledged Revenue Coverage.....	91
Table 15: Demographic and Economic Statistics	92
Table 16: Top Employers	93
Table 17: Full Time Equivalent City Employees by Function/Program	94
Table 18: Operating Indicators by Function/Program.....	95
Table 19: Capital Assets Statistics by Function/Program.....	96
 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> – Independent Auditor’s Report	 97



Life Connected.

Introductory Section



Life Connected.



Life Connected.

March 6, 2023

To the Honorable Mayor and City Council, City Manager, and Residents of Celina, Texas:

The City's management staff is pleased to submit the Annual Comprehensive Financial Report ("ACFR") of the City of Celina ("City") for the fiscal year ending September 30, 2022.

The purpose of this report is to provide the council, management, staff, the public, and other interested parties with detailed information regarding the City's financial condition. State Law requires that every general-purpose local government publish a complete set of audited financial statements within six months of the close of the fiscal year. This report is hereby submitted as mandated by both local ordinance and state statutes required for the fiscal year ended September 30, 2022.

This report consists of management's representations concerning the finances of the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City's various funds. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City is required to obtain an annual audit of the City's financial records and financial activities. FORVIS, LLP, a licensed, independent certified public accountants firm, has audited the City's financial statements. The independent audit's goal is to provide reasonable assurance that the City's financial statements for the fiscal year ended September 30, 2022, are free of any material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion that the City's financial statements for the fiscal year ended September 30, 2022, are fairly presented in conformity with Generally Accepted Accounting Principles ("GAAP"). The independent auditor's report is presented as the first component of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal, and the two should be read in conjunction with each other.



Life Connected.

OUR HISTORY

In the northwest corner of Collin County, Celina was not established until 1876, but settlers came into the area at a much earlier date. These settlers lived the lives of typical pioneers building their homes from logs or hauling lumber from Jefferson. They traveled by foot, horseback, or in wagons, making their clothes at home and raising what they had to eat. These early families, as well as later ones, mainly came from Tennessee or Kentucky.

In October 1879, a little settlement began to form a few miles southwest of the present-day Celina. John T. Mulkey, Celina's first Postmaster, renamed the City after Celina, Tennessee. The Methodist church was built in 1880 and also doubled as the school for a while. By 1885, a general store, mill, and drug store opened in "Old Celina." When the railroad came through the City in 1902, residents made an effort to move the City's actual main street eastward toward the tracks. The result is where the City square stands today. Celina has always been a Small City with a Big Vision!

An excerpt from the Celina Record of 1937 states: "If you are casting about for a good place to make your home, you should visit Celina and see for yourself what it has to offer. Some here occasionally say the grass is greener elsewhere and move away, but most of them decide there is no use trying to find a better place to live and rear their families, come back and settle down firmly fixed in their belief that trying is a waste of time."

CURRENT DAY

Celina has grown from a farming community near the Grayson County border to the most desired and valuable place to live, work and raise a family. The City has experienced unprecedented growth over the past several years. The city experienced a 200% growth in population within the last five years. As of September 30, 2022, the estimated current population was 31,796 representing the city limits and not the service limits. This pace makes Celina one of the fastest-growing cities in the Dallas-Fort Worth Metroplex. Situated in high-growth Collin County and nestled between the major arteries of Preston Road to the east and the future Dallas North Tollway to the west, Celina's maximum projected buildout population is approximately 380,000. Celina is positioned geographically, demographically, and economically to quickly become a significant player in the North Texas metropolitan community. Celina's median household income is \$124,375, with an average home value of \$583,446. Residents are only minutes away from Frisco's "\$5 Billion Mile," major hospitals, and the top-ranked Prosper and Celina school districts.

COMMUNITY

Celina celebrates its authentic culture. The signature event, CajunFest, as well as several other family-oriented events including Friday Night Farmer's Markets, Movies on the Square, Splash and Blast 4th of July Celebration, Beware! Of the Square and Christmas on the Square, promote Celina's community identity. For the adults, several local wineries promote an interest in culture and good wine.



Life Connected.

PROFILE OF THE GOVERNMENT

The City of Celina is a home-rule city and operates on a Mayor-Council form of government. The governing body includes the Mayor and six City Council members. All governing body members serve three-year terms. The governing body, being the elected representative of the people, adopts all ordinances and resolutions and determines the general goals and policies.

The City Manager is the chief administrative officer of the government and is responsible for the enforcement of laws and ordinances, the appointment and supervision of the directors or department heads, and City functions' performance.

The City of Celina provides a full range of services supported through the City's empowerment to levy property tax on both real and personal properties located within its boundaries and the ability to extend its corporate limits by annexation when deemed appropriate by the City Council. These services include fire and police services, ambulance and emergency services, the public library, parks and recreation, water, sewer, trash pickup, traffic engineering, streets and infrastructure, community development including planning and zoning, public improvements, economic development, and other administrative services.

The financial reporting entity includes all funds of the primary government as well as its component units. The component units are legally separate entities for which the primary government is financially accountable, but they are not part of the primary government's operations. The Celina Community Development Corporation (Type B) and Celina Economic Development Corporation (Type A) are included in the City's financial statements as discreetly presented component units.

FINANCIAL INFORMATION

Financial System and Budgetary Controls

City management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse. Management must also ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework

The City's accounting records for general governmental activities are maintained on a modified accrual basis, with revenues recorded when available and measurable, expenditures being recorded when the services or goods are received, and liabilities are incurred. Accounting records for the City's water and sewer and other proprietary activities are maintained on the accrual basis.



Life Connected.

City Council is required to adopt an annual operating budget no later than October 1st, the beginning of the fiscal year. A collaborative team made up of the City Manager, Executive Directors, and Department Directors all work together to prepare a balanced budget that provides for the strategic vision outlined by the City Council at the beginning of the process. The proposed budget follows a timeline to ensure additional scrutiny is received by City Council during their workshop sessions. The City follows the Truth-in-taxation process for the adoption of the budget and ad valorem tax rate.

The budget is developed on a departmental level and adopted at the General, Debt Service, and Water and Sewer fund levels. The level of control at which expenditures may not exceed budget with our City Council approval is at the fund level. The objective of budgetary controls is to ensure compliance with the legal provision contained in the annual budget approved by the City Council. The City Manager has the authority to approve individual departmental budget overages. This budgetary level serves as the foundation for the City's financial planning and control. The City Council approves any amendment or additional funding requests for appropriations when the budget is exceeded at the fund level.

The City of Celina has prepared capital improvement long term plans that provide the framework for our future forecasting for the issuance of debt in addition to the necessity of operations and maintenance. Our priority is to provide long range financial planning to ensure sustainability as well as meeting the service needs and expectations of our citizens. The City currently provides one year approved balanced budget with four years of planning at the operational level utilized internally for forecasting.

The accompanying Annual Comprehensive Financial Report incorporates funds of the City, includes all government activities, organizations, and functions for which the City is financially accountable including its component units. The City's component units are legally separate entities for which the City is financially accountable but are not part of the City's operations.

The City's discretely presented component units are:

- Celina Economic Development Type 4A Sales Tax Corporation (EDC)
- Celina Community Development Type 4B Sales Tax Corporation (CDC)

LOCAL ECONOMY

During the past year, Celina has experienced tremendous growth. The growth is primarily because of new residential developments coming into the City. These new developments will bring a significant number of homes into Celina over the next several years. A total of 9,910 homes have been permitted between 2016 and 2022. The number of single-family construction permits issued during FY 2022 was 1,705. The City leads several North Texas cities, including Frisco, McKinney, Little Elm and Prosper, in issuing single-family construction permits in both FY 2021 and FY 2022. This growth rate will significantly impact the City, the counties, and the school districts.



Life Connected.

During the fiscal year 2022, Celina welcomed Servpro, Honeysuckle Rose Boutique, The Pin Cushion-Celina, Shades of Green, Starbucks, and Terramania, along with 11 other businesses, into Celina. In addition, the City sales tax has increased with the addition of brick-and-mortar establishments and the local demand for online shopping and shop local campaigns. The City recognized a 25% increase in sales tax during FY 2022 compared to FY 2021. With new retail development comes the expectation that sales tax revenue will continue to increase as new commercial entities and homes are built within the City.

Celina's education opportunity recently expanded. Celina ISD opened a new middle school for the 2022-2023 school year. In addition, the CISD has plans to add one elementary school every year for the next few years. The Collin College Celina Campus opened in the fall of 2021, a 75-acre campus with a 96,000-square-foot facility currently designated to accommodate 2,500 students. The Celina Campus also works with Celina ISD and Prosper ISD to offer multiple Dual Credit courses to high school students. Classes are taught on high school campuses, the Celina Campus, and online. The Celina Campus provides greater access to higher education for northwestern Collin County.

FUTURE FORWARD

Retailers continue to eyeball the prime potential development spots along Preston Road and the Dallas North Tollway. Up to 600,000 square feet of retail are looking to join the already expansive list of retailers and restaurateurs, including Costco, a home improvement warehouse, a large national health and fitness gym, a regional grocery superstore, and many others. Soon, more quick-service dining options will come to parcels currently being developed. The sales tax base is set to double over the next five years.

The stretch of the Tollway through Celina has been labeled as a "Healthcare Corridor" due to the announcement of two significant players in the healthcare industry in North Texas. These two hospital systems will immediately ease the desperate need for hospital and emergency treatment.

Methodist Health System was the first major healthcare provider to announce plans to build its newest hospital in Celina. Methodist Celina Medical Center will be a \$200-million project on 46.7 acres of land between the Dallas North Tollway and the future Celina Parkway. Methodist plans to break ground during winter 2022, on a five-story, 200,000-square-foot project, with an expected opening date in 2025. This project will initially bring over 220 jobs to Celina.

Scottish Rite for Children has purchased a 76-acre parcel of land at the Dallas North Tollway and the Collin County Outer Loop. This beloved healthcare provider began serving North Texas families in 1921. The Celina site will be their fourth facility on or near the Dallas North Tollway.



Life Connected.

MAJOR INITIATIVES

The City has completed several studies and plans during fiscal year 2022. These plans and initiatives will shape the development of Celina for the next decade.

The list of these accomplishments are as follows:

- ✓ Completed the 2022-2024 Strategic Plan
- ✓ Launched the *Life Connected.* app
- ✓ Implemented Wastewater winter – averaging program
- ✓ Expanded the School Resource Officer Program with CISD to include a Junior Police Academy
- ✓ Established a Special Event Advisory Committee

Public infrastructure improvement projects for the City of Celina, which are funded and contacted by the City, are called Capital Improvement Projects. The following Capital Improvement Projects were completed, started or under design during FY 2022.

- ✓ 6M Water Ground Storage Tank was completed
- ✓ Senior Center at Bobcat Stadium Complex construction kicked off
- ✓ Land acquisitions were completed for future park projects
- ✓ Broke ground on The Law Enforcement Center and Fire Station #3 in September 2022
- ✓ The City started construction on the installation of sewer lines in and around the Downtown Celina area and went under design for Wastewater plant expansions at the Downtown and Legacy Hills Plants
- ✓ Oversized waterlines along Coit Phase 1 and Phase 2, Louisiana Phase 1B, and Celina Road Pump Station Phase 3 are under construction

ACKNOWLEDGMENTS

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance Department. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. We would also like to thank the Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Celina's finances.

Respectfully submitted,

Robin Bromiley, MSA, CGFO
Director of Finance



Life Connected.

THE CITY OF CELINA **CORE VALUES**

EXCELLENCE

- We always do our best
- We embrace innovation and efficiency while remaining good stewards of City resources
 - We are accountable and take pride in our work
- We seek opportunities to learn and expand our professional horizons

COMMUNITY

- We are a unified body and work as a team
- When we disagree, we resolve it according to our Core Values
 - We value and respect all employees and our customers
- We foster a culture that includes understanding, support, balance and a sense of humor
 - We embrace openness, diversity and inclusion

INTEGRITY

- We do the right thing at all times
- We are committed to building and maintaining credibility and trust both internally and externally
 - We are accountable in our words and actions
- We question that which may be inconsistent with our Core Values

SERVICE

- We are selfless public servants and believe in helping others
 - We treat everyone the way we wish to be treated
 - We are caring and empathetic in all we do
- We work to deliver excellent service to all we encounter

25-Year Goal:

Our mission is to preserve our agricultural heritage and flourish as a close-knit, ever-growing Celina family during the explosive and planned growth of our City. We will provide a unique and extraordinary quality of life complemented by a significant array of high-tech and desirable businesses, agritourism assets, unique destinations, and connections.



Life Connected.

WHAT DOES “LIFE CONNECTED” MEAN?

Celina is literally wired for connectivity with highspeed fiber but also encourages personal connections through interconnected trails, open patios, and a thriving City square. Businesses and communities are built on these connections.

Celina brings people together.

BUSINESS SPOTLIGHT VIDEOS

Business Spotlight videos are produce to introduce Celina's small businesses to out community, providing free advertisement opportunities on our Youtube channel and in the monthly Life Connected newsletter

LIFEINCELINATX.COM

Our lifestyle website features sections for Live, Work, Play and Learn activities around Celina.

LIFE IN CELINA PODCAST

The official community podcast of Celina. On every episode, we celebrate and share the stores behind the amazing people, businesses, and groups that make Celina Home.



Life Connected.

Celina Fast Facts

Updated August 2022



Population

	City Limits	Service Area
Population 2022	30,334	37,765
Population 2026	53,706	64,652

Trade Area: 135,933
2021 Single Family Permits: 2,433
Buildout Population: 380,000



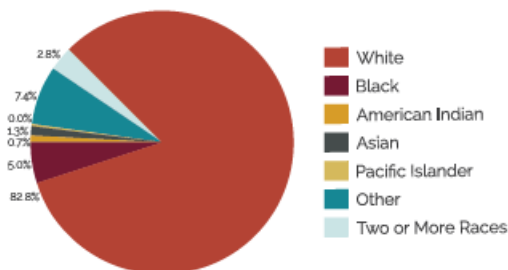
Demographics

Median Age: 37

Education

48% Bachelor's/Grad./Prof Degree
28% Some College
20% High School Graduate

Median Household Income: \$124,375
Average Home Value: \$583,446



Education

Celina ISD: 1 high school, 1 middle school, and 3 elementary schools
Prosper ISD (in Celina): 3 elementary schools
Collin College: Celina Campus (open August 2021)

Transportation

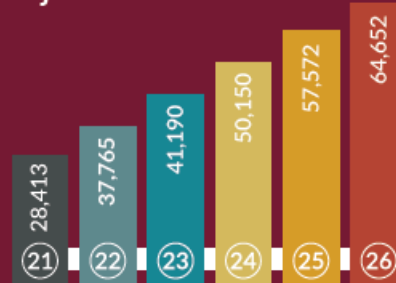
Airports

Dallas Love Field Airport – 38.6 Miles/45 Min
DFW Airport – 37.4 Miles/45 Min

Major Highways

N/S: Dallas North Tollway, US 289, FM 1385, FM 2478
E/W: FM 428, FM 455, Outer Loop (Est. comp. 2021-22)

Projected Growth

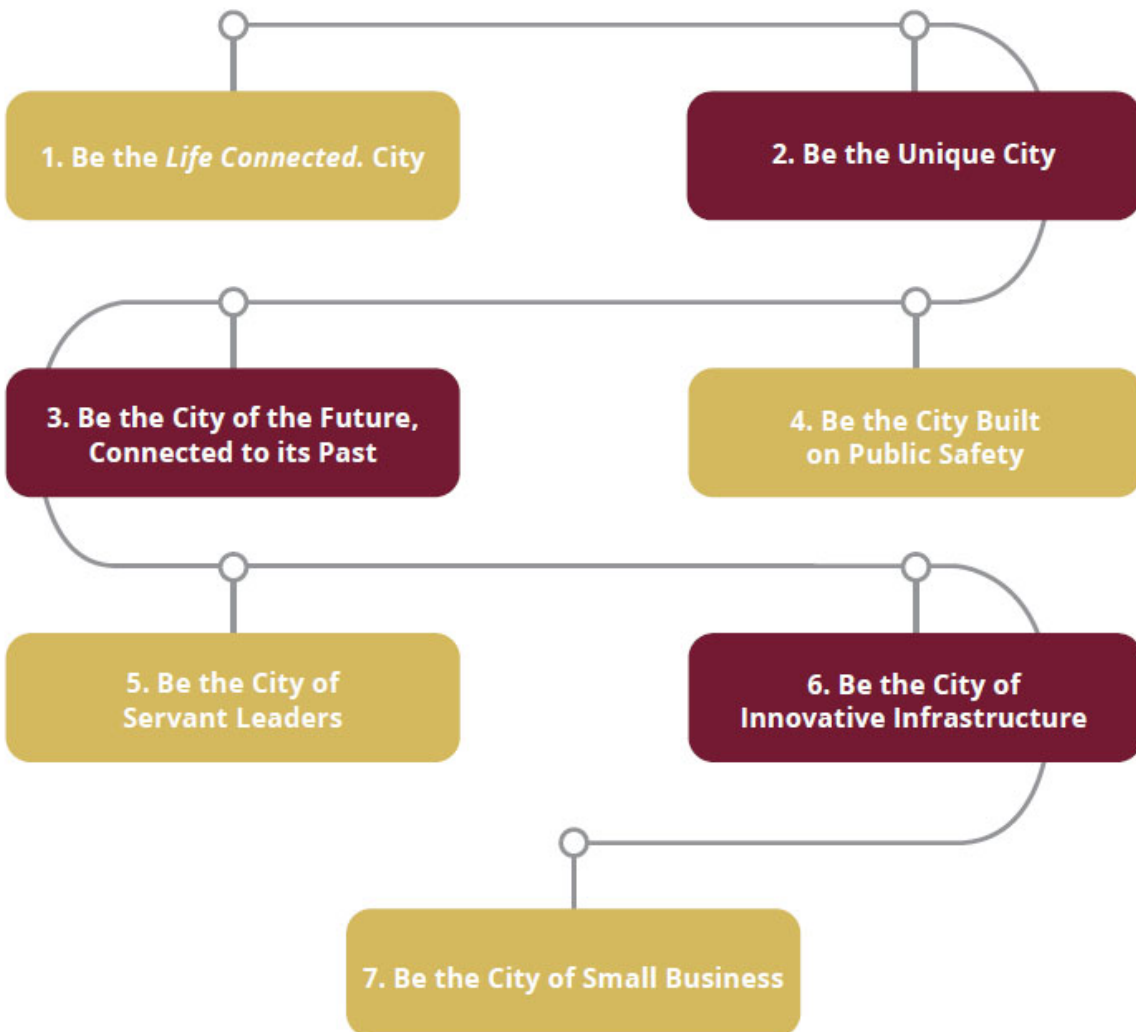




Life Connected.

Strategic Plan Goals FY 2022-2024

Celina will continue to experience substantial growth over the next several years, and we have a deep understanding that to be truly great, we must make a series of good and strategic decisions, which are consistent with our Core Values. Our efforts and resources will be focused on goals that reflect reputable drivers, City strengths, and City opportunities.



City of Celina, Texas
GFOA Certificate of Achievement



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Celina
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

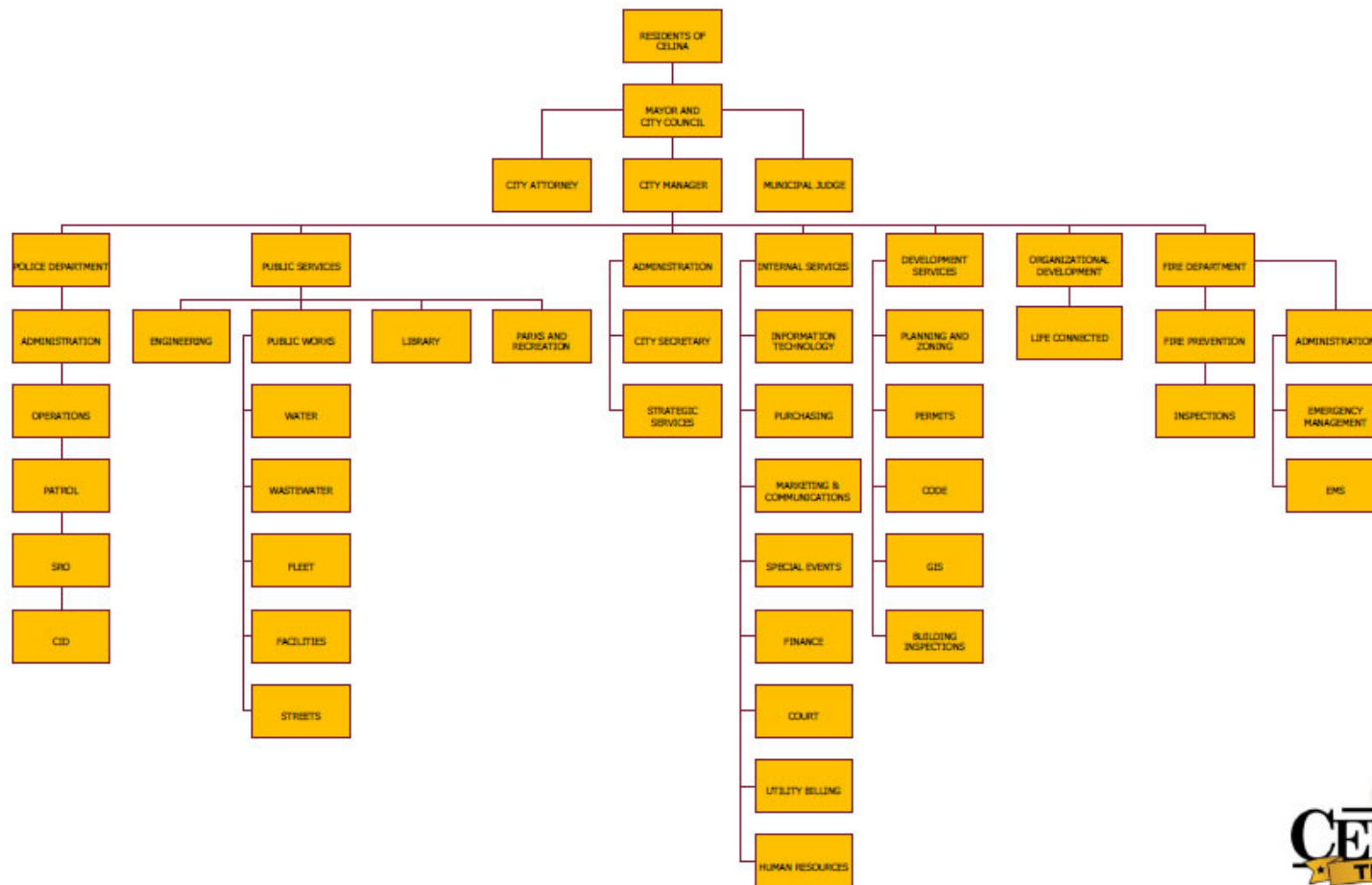
Christopher P. Morill

Executive Director/CEO

City of Celina, Texas

Organizational Chart

Organizational Chart



Life Connected.

Financial Section



Life Connected.



14241 Dallas Parkway, Suite 1100 / Dallas, TX 75254

P 972.702.8262 / F 972.702.0673

forvis.com

Independent Auditor's Report

Members of the City Council
City of Celina, Texas
Celina, Texas

Report on Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Celina (City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Governmental Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in *Notes 1 and 5* to the financial statements, in fiscal year 2022, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other postemployment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information including the combining and individual fund financial statements and schedules as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive annual report. The other information comprises the introductory and statistical sections as listed in the table of contents but does not include the financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated March 6, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

FORVIS, LLP

**Dallas, Texas
March 6, 2023**



Life Connected.

Management's Discussion and Analysis



Life Connected.

City of Celina, Texas

Management's Discussion and Analysis

September 30, 2022

Management's discussion and analysis provides a narrative overview of the financial activities and changes in the financial position of the City of Celina, Texas (the City), for the fiscal year ended September 30, 2022. It is offered here by the management of the City to the readers of its financial statements. Readers are encouraged to consider the information presented here in conjunction with the information furnished in our letter of transmittal in the introductory section and the City's financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

- The capital assets represent the City's investment in infrastructure, which increased this fiscal year by \$88.93 million. Of this amount, governmental activities increased \$32.96 million, bringing net capital assets to \$186.0 million. The Business-type activities grew \$55.97 million to a total net capital asset of \$191.45 million.
- The City's total net position increased by \$79.13 million during the fiscal year.
- The City's total amount of outstanding debt is \$272.95 million, an increase of \$56.47 million due to issuance in the current year of general obligation bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts; management's discussion and analysis (this section), basic financial statements, required supplementary information, and combining statements for nonmajor governmental funds.

The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are Government-Wide Financial Statements that provide information about both the short-term and long-term financial status of the City as a whole.
- The remaining statements are Fund Financial Statements that focus on individual parts of the City's government, reporting the City's operations in more detail than the Government-Wide statements.
 - The Governmental Fund Statements take a short-term view and demonstrate how general government services like public safety were financed during the fiscal year.
 - The Proprietary Fund Statements offer both short-term and long-term financial information about the activities the government operates like businesses, such as the water and wastewater system.

City of Celina, Texas

Management's Discussion and Analysis

September 30, 2022

The financial statements also include notes that explain information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with combining statements that provide details about our nonmajor governmental funds, each added together and presented in single columns in the basic financial statements.

Government-Wide Financial Statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. Both are prepared using the economic resources focus and the accrual basis of accounting, meaning that all the current year's revenues and expenses are included regardless of when cash is received or paid.

Statement of Net Position. The Statement of Net Position presents information on the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources including capital assets and long-term obligations. The difference between the four is reported as net position. Over time, the increases or decreases in net position may serve as a valuable indicator of whether the City's financial position is improving or deteriorating. Other indicators of the City's financial position should be taken into consideration, such as the change in the City's property tax base and condition of the City's infrastructure (i.e., roads, drainage systems, water and sewer lines, etc.), in order to more accurately assess the overall financial condition of the City.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. It focuses on both the gross and net costs of the government's various activities and thus summarizes the cost of providing specific government services. This statement includes all current year revenues and expenses.

The Statement of Net Position and the Statement of Activities divide the City's activities into two types:

- *Governmental Activities.* Most of the City's basic services are reported here, including general government, police and fire protection, municipal court, streets, park and recreational activities, cultural events, and library. Property taxes, sales taxes, franchise taxes, and building permits provide the majority of the revenue for these activities.
- *Business-Type Activities.* Activities for which the City charges customers a fee to pay most or all of the costs of a service it provides are reported here. The City's business-type activities include water distribution/ wastewater collection, solid waste collection/ disposal, and stormwater drainage.

City of Celina, Texas

Management's Discussion and Analysis

September 30, 2022

Fund Financial Statements. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. These statements focus on the most significant funds and may be used to find more detailed information about the City's most significant activities. The funds of the City can be divided into two categories: governmental funds and proprietary funds.

- **Governmental Funds.** Governmental funds are used to account for the majority of the City's activities, which are essentially the same functions reported as governmental activities in the government-wide statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The focus of the governmental funds' financial statements is narrower than that of the government-wide financial statements. Therefore, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds' Balance Sheet and the governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison. These reconciliations explain the differences between the government's activities as reported in the government-wide statements and the information presented in the governmental funds' financial statements.

The City reports twenty-two individual governmental funds. Major funds are presented separately in the governmental funds' Balance Sheet and in the governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balances and include the General Fund, the Debt Service Fund, the Street Construction Fund, Parkland Feeds Fund, and the Bond Fund. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds. The City charges customers directly for certain services it provides. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. The City's enterprise funds (a fund type of proprietary funds) are identical to the business-type activities reported in the government-wide statements. Still, enterprise fund financial statements provide more detail and additional information, such as cash flows.

The City of Celina maintains one individual enterprise fund. The City uses this fund to account for its water and sewer, storm drainage, and environmental services.

City of Celina, Texas

Management's Discussion and Analysis

September 30, 2022

Notes to the Financial Statements. The notes provide additional information that is essential to gain a complete understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information (RSI) concerning the City's progress in funding its obligation to provide pension benefits and other post-employment benefits to the employees.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

At the end of the fiscal year 2022, the City's net position (assets and deferred outflows of resources exceeding liabilities and deferred inflows of resources) totaled \$311.37 million. Total assets of the City on September 30, 2022 were \$642.16 million, deferred outflows of resources were \$972K, total liabilities were \$328.12 million, and deferred inflows of resources were \$3.65 million resulting in a net position balance of \$311.37 million, a 34.1% increase over the previous year. This analysis focuses on the net position and changes in net position.

Net Position. The largest portion of the City's net position, \$192.5 million, reflects its investment in capital assets (land and improvements, buildings, infrastructure, vehicles, machinery, and equipment), less any related outstanding debt used to acquire those assets. The City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City reports its capital assets net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted portion of the City's net position, \$19.4 million are subject to external restrictions on how they may be used. The City's unrestricted net position is \$99.43 million, which may be used to meet the City's future obligations.

City of Celina, Texas
Management's Discussion and Analysis
September 30, 2022

Table 1
City of Celina Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 142,508,774	\$ 105,364,045	\$ 122,204,835	\$ 86,897,738	\$ 264,713,609	\$ 192,261,783
Capital assets, net	186,001,110	153,043,680	191,449,111	135,476,249	377,450,221	288,519,929
Total assets	328,509,884	258,407,725	313,653,946	222,373,987	642,163,830	480,781,712
Deferred Outflows of Resources	848,378	707,981	124,162	96,883	972,540	804,864
Liabilities						
Other liabilities	12,940,953	8,193,487	30,285,283	6,838,985	43,226,236	15,032,472
Long-term obligations	151,576,991	124,960,401	133,315,169	109,009,280	284,892,160	233,969,681
Total liabilities	164,517,944	133,153,888	163,600,452	115,848,265	328,118,396	249,002,153
Deferred Inflows of Resources	3,531,845	296,707	117,332	48,171	3,649,177	344,878
Net Position						
Net investment in capital assets	102,946,241	83,742,420	89,549,445	55,835,300	192,495,686	139,577,720
Restricted	19,290,037	13,176,802	152,009	56,065	19,442,046	13,232,867
Unrestricted	39,072,195	28,745,889	60,358,870	50,683,069	99,431,065	79,428,958
Total net position	\$ 161,308,473	\$ 125,665,111	\$ 150,060,324	\$ 106,574,434	\$ 311,368,797	\$ 232,239,545

Changes in Net Position. The government's overall net position increased \$79.13 million over the prior fiscal year. The reasons for the overall increase are discussed in the following sections for governmental activities and business-type activities.

Government activities increased the City's net position by \$35.64 million from the prior year. This was due in part to an increase in ad valorem tax revenues, building permit revenues, and capital contributions. Key revenue and expense transactions are as follows:

- Net Investment in Capital Assets increased by \$19.20 million. This represents the capital assets less the liabilities of infrastructure added to the City's governmental capital assets.
- Unrestricted Net Position increased \$10.33 million. The unrestricted balances include operating costs and funding for future capital projects. In addition, \$15.33 million is committed to capital projects and restricted fees to fund the projects.
- General government expenses increased approximately \$4.24 million over last year. This was anticipated due to the demands on service from the additional housing developments and consequently more residents moving to the City. Administration, fire, police, and development services had the largest increases in 2022. Interest expense also increased as additional debt has been issued to keep up with growth.

City of Celina, Texas
Management's Discussion and Analysis
September 30, 2022

Business-type activities increased net position by \$43.49 million. Key elements to the change in net position are as follows:

- The City received \$22.2 million in capital contributions from developers in the form of new water, drainage, and sewer lines.
- The City collected \$10.05 million in impact fees and capital recovery fees for future water and wastewater infrastructure updates.
- Net Investment in Capital Assets increased by \$33.71 million. This represents the capital assets less the liabilities of infrastructure added to the utility.
- Unrestricted Net Position increased \$9.68 million. The unrestricted balances include operating costs and funding for future capital projects. In addition, \$30.3 million is committed to the Utility Impact Fee projects, Storm-water Drainage projects, Water Capital Recovery projects, and Wastewater Capital Recovery fee projects.

Water sales increased by \$4.90 million over the previous fiscal year. This increase was due to increased customers and water consumption over the years. The City has not passed the increased costs from Upper Trinity to the residents. The water rates have not risen since January 2020. The City's water customers grew by approximately 1,469 in 2022, a 14.75% increase from the prior year. Simultaneously, the cost for water, sewer treatment, certificate of convenience and necessity service areas (CCN), and new meter installation increased 34.03% over last year.

- Expenses increased by 12.38% due mainly to the \$1.63 million increased water purchasing cost, \$576,937 increase in garbage collection cost, and \$515,571 in personnel expenses to keep up with increased service demands.

City of Celina, Texas
Management's Discussion and Analysis
September 30, 2022

Table 2
City of Celina
Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Program Revenues						
Charges for services	\$ 32,332,998	\$ 25,842,056	\$ 43,119,619	\$ 41,304,183	\$ 75,452,617	\$ 67,146,239
Operating grants/contributions	2,347,930	3,636,696	-	-	2,347,930	3,636,696
Capital grants/contributions	10,081,541	19,822,044	22,459,804	13,904,905	32,541,345	33,726,949
General revenues:						
Ad valorem taxes	16,242,263	12,892,450	-	-	16,242,263	12,892,450
Sales taxes	3,213,081	2,652,260	-	-	3,213,081	2,652,260
Franchise taxes	783,188	602,037	-	-	783,188	602,037
Other	4,868,692	8,714,771	776,837	333,097	5,645,529	9,047,868
Total program revenues	69,869,693	74,162,314	66,356,260	55,542,185	136,225,953	129,704,499
Expenses						
Administration	6,478,575	5,295,666	-	-	6,478,575	5,295,666
Judicial	193,302	204,724	-	-	193,302	204,724
Fire and emergency services	6,620,651	5,912,755	-	-	6,620,651	5,912,755
Development services	8,535,165	7,529,485	-	-	8,535,165	7,529,485
Public works	2,097,180	2,636,498	-	-	2,097,180	2,636,498
Police department	5,178,526	4,627,454	-	-	5,178,526	4,627,454
Parks and recreation	1,883,123	1,886,673	-	-	1,883,123	1,886,673
Library	317,775	244,058	-	-	317,775	244,058
Infrastructure	-	-	-	-	-	-
Main street project	36,325	75,898	-	-	36,325	75,898
Interest and fiscal charges	3,634,414	2,320,902	-	-	3,634,414	22,197,213
Water, sewer and sanitation services	-	-	22,337,443	19,876,311	22,337,443	19,876,311
Total expenses	34,975,036	30,734,113	22,337,443	19,876,311	57,312,479	50,610,424
Excess before transfers	34,894,657	43,428,201	44,018,817	35,665,874	78,913,474	79,094,075
Transfers	748,705	334,103	(748,705)	(334,103)	-	-
Change in Net Position	35,643,362	43,762,304	43,485,890	35,331,771	79,129,252	79,094,075
Net Position, Beginning of Year	125,665,111	81,902,807	106,574,434	71,242,663	232,239,545	153,145,470
Net Position, End of Year	\$ 161,308,473	\$ 125,665,111	\$ 150,060,324	\$ 106,574,434	\$ 311,368,797	\$ 232,239,545

City of Celina, Texas
Management's Discussion and Analysis
September 30, 2022

FINANCIAL ANALYSIS OF THE FUNDS

The focus of the City's funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information helps assess the City's financing requirements. In particular, the unassigned fund balance in the governmental funds may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

Governmental Funds. Governmental funds had an increase in fund balance of \$34.09 million:

- **General Fund** – The General Fund is the primary operating fund of the City. The fund balance is \$23.46 million, representing an increase of \$6.90 million from the previous year. The General Fund revenues had a healthy increase due to increased development and growth of the City. Permits and inspection fees had an increase of \$1.28 million over the prior year. Sales tax revenue also recognized an increase of \$561 thousand. The General Fund's overall expenditures increased 16% last year, approximately \$3.59 million, from \$22.4 million to \$26.0 million. The increase was attributable to rising demands of service amongst the majority of the departments such as Library by 22%, and Police by 18% and Fire by 15%.
- **Debt Fund** – The Debt Fund's fund balance decreased \$197,952 due to the increased debt payments over the prior year. The ending fund balance is \$1.97 million.
- **Street Construction Fund** – The Street Construction Fund's fund balance decreased \$91 thousand in the current fiscal year due to \$1.1 million expended on capital assets offset by a transfer in of \$1 million.
- **Parkland Fee Fund** – The Parkland Fee Fund accounts for the financing and acquisition of major capital park projects. The City received this year \$4.19 million in revenue from park fees. The City spent \$1.98 million on capital assets which resulted in ending fund balance of \$6.83 million.
- **Bond Fund** – The Bond Fund's fund balance increased \$16.8 million primarily due to \$31.27 million of new bonds issued during 2022. This issuance was offset by \$18.4 million expended on capital assets during the current year and remaining bond proceeds will be spent in future years on capital projects. The ending fund balance is \$70.23 million.

City of Celina, Texas

Management's Discussion and Analysis

September 30, 2022

Business-Type Activities:

- **Water Wastewater Fund** – The fund had a change in net position of \$43.49 million, including operating income of \$24.74 million, less non-operating expenditures of \$2.75 million, plus capital contributions of \$22.24 million, less transfers out of \$749,705. The net income includes the combination of ten separate utility operating funds. These are separated internally to allow for proper control and accountability to ensure the funds' disposition meets statutory requirements. For example, Impact fees and Capital Recovery Fees, both of which earned substantial revenues this year, are managed through separate funds but combined within the operating portion of this fund for financial statement purposes.

BUDGETARY HIGHLIGHTS

In the fiscal year 2021-2022, the General Fund expenditure budget was increased by \$7.20 million over the 2020-2021 budget. During the fiscal year, budget amendments increased the original revenue budget by \$615,578 and increased the expenditure budget by \$1.06 million. Amendments were for building permits, new Interlocal agreements, and unanticipated expenditures during the year. During the fiscal year, the City regularly reviews the budget and determines if a budget amendment is reasonable and necessary. All budget amendments receive scrutiny and City Council approval through an amended ordinance.

In the General Fund, the actual revenue received in comparison to the final budget was over by \$8.87 million. This positive variance is most noticeable in permit and inspection fees and sales tax revenue. General Fund expenditures had a final budget to actual variance of \$3.91 million prior to other financing sources/uses. The savings between actual and amended expenditures is due to some projects that didn't start on time or were canceled. The projects /capital items that weren't able to be completed in FY 2022 have been included in the FY 2023 budget. Also, during the last part of the year, many materials and supplies were delayed due to shipping and manufacturing issues.

The City used a portion of the excess General Fund balance to continue to fund \$1 million to the Street Construction fund, \$500,000 to the Economic Stabilization fund, and \$849,624 to the Capital Equipment Replacement fund. The City also continued to transfer money from the Water/Wastewater funds to a vehicle and equipment repair fund in the amount of \$332,134. Additional information on the City's budgeted transfers in *Note 12* to the financial statements.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The City's investment in capital assets for its governmental and business-type activities as of September 30, 2022, amounts to \$377.45 million (net of accumulated depreciation), as shown in the table below. This investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment, infrastructure, and construction in progress. Additional information on the City's capital assets can be found in *Note 6* to the financial statements.

City of Celina, Texas

Management's Discussion and Analysis

September 30, 2022

Some of the items completed during the fiscal year include:

- \$783 thousand for CR 83/Ownsby Parkway improvements
- \$853 thousand for various drainage projects
- \$916 thousand for Punk Carter Parkway improvements
- \$1.11 million for CR 99 water line
- \$3.14 million for Choate Parkway improvements
- \$3.26 million for Coit Road water lines
- \$34.54 million in infrastructure is related to developers' contribution

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land	\$ 33,541,714	\$ 25,526,319	\$ 7,950,893	\$ 3,264,576	\$ 41,492,607	\$ 28,790,895
Buildings	17,668,636	17,533,708	11,489	12,583	17,680,125	17,546,291
Parks	9,289,393	9,484,084	-	-	9,289,393	9,484,084
Infrastructure	78,568,062	63,919,231	145,562,026	121,782,824	224,130,088	185,702,055
Vehicles, machinery and equipment	5,611,461	6,515,952	1,872,457	1,415,298	7,483,918	7,931,250
Construction in progress	41,321,844	30,064,386	36,052,246	9,000,968	77,374,090	39,065,354
Total capital assets, net	<u>\$ 186,001,110</u>	<u>\$ 153,043,680</u>	<u>\$ 191,449,111</u>	<u>\$ 135,476,249</u>	<u>\$ 377,450,221</u>	<u>\$ 288,519,929</u>

Long-term Debt: At the end of the current fiscal year, the City of Celina had total bonded debt outstanding of \$272.9 million, as shown. Of this amount, \$262.55 million represents tax-supported bonds, and \$10.39 million represents self-supported bonds. The \$56.46 million increase in debt is for numerous upcoming projects such as a public safety, parks and recreation, and municipal administration facilities. Also, for building a downtown community parking lot, and land purchases. This is in addition to the streets, drainage, water and sewer infrastructure to keep up with the projected growth explosion.

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 10,010,000	\$ 10,860,000	\$ 380,000	\$ 845,000	\$ 10,390,000	\$ 11,705,000
Certificates of obligation	133,215,000	103,695,000	129,340,000	101,080,000	262,555,000	204,775,000
Total bonds payable	<u>\$ 143,225,000</u>	<u>\$ 114,555,000</u>	<u>\$ 129,720,000</u>	<u>\$ 101,925,000</u>	<u>\$ 272,945,000</u>	<u>\$ 216,480,000</u>

In fiscal year 2022, The City issued Tax and Waterworks and Sewer System Revenue Certificates of Obligation, Series 2022 in the amount of \$62,550,000. \$32.275 million was allocated to the general government for streets, parks and public safety and \$32.275 million was allocated to the water and sewer to finance the cost of improving the City's waterworks and sewer system.

Additional information on the City's long-term debt can be found in *Note 7* to the financial statements.

City of Celina, Texas

Management's Discussion and Analysis

September 30, 2022

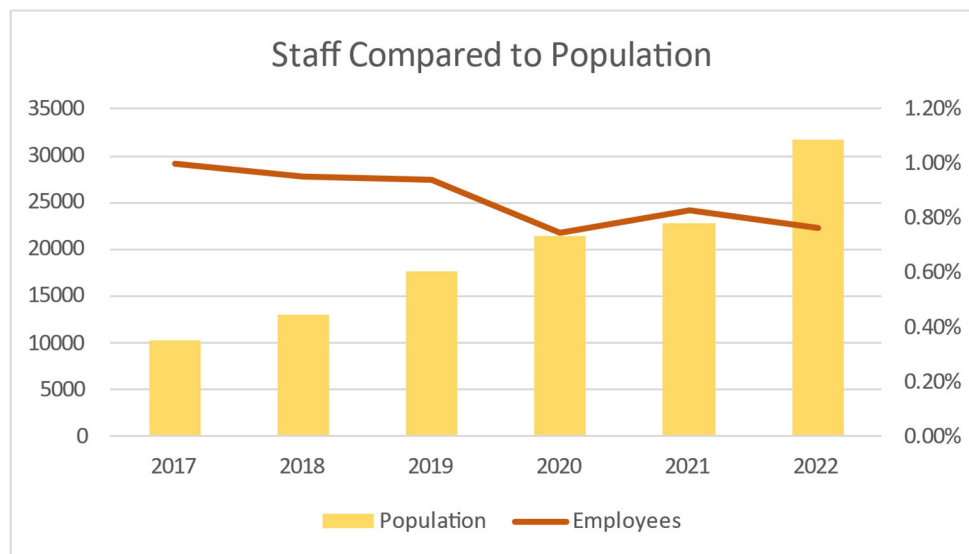
ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In the fiscal year 2022-2023 budget, the City's goal has been to successfully provide the City Council with a collaborative budget that includes departmental participation to balance the budget collectively. The following revenues and expenditures were essential components of the budget. The City of Celina continues to see strong population and economic growth. In the last eleven years, the population has grown from 6,028 in 2011 to 31,796 in 2022. The leading driver of the City's population growth is a strong local housing market.

Property Taxes. According to the Collin and Denton County Central Appraisal District (DCAD), the certified taxable value after the homesteads with tax ceiling is estimated with appraisal review board grand totals is \$4,137,390,503. This value is 49.6% or \$1.371 billion more in assessed valuation than the 2021 adjusted taxable value (as of 07/25/2022). Of this increase, \$706 million is attributable to new taxable values added to the tax roll, including improvements and personal property.

Building Permits Growth. Besides property taxes, a major source of revenue for the City originates from licenses and permits. These revenues are generated for services rendered and user fees charged for permits, construction inspection fees, fire/ems and police fees, and other related services. In 2023, a budget of \$10,025,000 has been adopted, which is a \$3,000 increase over the adopted 2022 budget. The City issued 1,705 building permits in FY 2022 and anticipates matching or surpassing that in FY 2023.

Staffing. The City's population growth has increased at an average pace of 208% over the last six years. As a result, within the FY 2022-2023 budget, eighteen new, full-time equivalent positions were included to assist the departments in keeping with the service level demands. The new personnel, including compensation and benefits, cost \$1.55 million.



City of Celina, Texas

Management's Discussion and Analysis

September 30, 2022

Capital Projects. The following is a list of some of the significant projects that the Engineering Department has slated to start or continue construction in the upcoming fiscal year:

- Law Enforcement Center construction
- Fire Station No. 3 construction
- Preston Road Lighting – Phase II
- Senior Center construction
- Legacy Hills Water Reclamation Plant
- Coit Waterline construction

Fund Balance and Reserve. By ordinance, the City is required to maintain 25% of annual operating expenses, equal to a 90 days reserve, as a balance in the governmental fund account. Revenues from property taxes to pay for services are typically delayed due to the timing of new growth showing up on the tax rolls resulting in cost for new growth to be paid immediately, while the revenues follow a year later.

The City's proprietary fund, Water Wastewater Fund, practices a reserve of 40%, or 146 days, of working capital. The primary source of revenue is generated by water sales dependent on rate and consumption by customers, while cost is at a 'pay as you go.' This sole source revenue creates the need for a higher fund balance reserve. The reserve is designed to smooth out the low seasonal sales common in the winter months and even the occasional Texas 'wet' summers in an effort to keep rate increases at a minimum.

The 40% reserve is applicable to actual operating expenditures and excludes funds received that are dedicated to capital projects or have restrictions. For both funds, the City monitors the fund balances as a good fund balance is attractive to rating agencies in evaluating a city's financial health.

Contacting the City's Financial Management:

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions concerning this report or need for additional information, including financial information for the City's two component units, should be addressed to Robin Bromiley, Director of Finance, by phone at (972) 382-2682 or by e-mail at rbromiley@celina-tx.gov.

Basic Financial Statements



Life Connected.

Government-wide Financial Statements



Life Connected.

City of Celina, Texas

Statement of Net Position

September 30, 2022

	Primary Government			Component Units	
	Governmental	Business-type	Total	Economic	Community
	Activities	Activities		Development Corporation	Development Corporation
Assets					
Cash and cash equivalents	\$ 135,851,413	\$ 78,042,287	\$ 213,893,700	\$ 2,540,312	\$ 2,007,194
Property taxes receivable, net	212,650	-	212,650	-	-
Sales tax receivable	651,288	-	651,288	325,644	325,644
Accounts receivable, net	176,229	3,509,320	3,685,549	-	-
Other receivables	868,201	750,000	1,618,201	-	-
Lease receivable	2,879,425	-	2,879,425	-	-
Inventory	6,644	675,896	682,540	-	-
Prepaid items	929,147	1,792	930,939	-	-
Net pension asset	933,777	152,009	1,085,786	-	-
Restricted assets					
Cash and cash equivalents	-	39,073,531	39,073,531	-	-
Capital assets					
Land	33,541,714	7,950,893	41,492,607	-	-
Construction in progress	41,321,844	36,052,246	77,374,090	-	-
Capital assets, net	111,137,552	147,445,972	258,583,524	-	-
Total assets	<u>328,509,884</u>	<u>313,653,946</u>	<u>642,163,830</u>	<u>2,865,956</u>	<u>2,332,838</u>
Deferred Outflows of Resources					
Deferred loss on refunding	88,463	-	88,463	-	-
Deferred pension outflows	699,349	113,847	813,196	-	-
Deferred OPEB outflows	60,566	10,315	70,881	-	-
Total deferred outflows of resources	<u>848,378</u>	<u>124,162</u>	<u>972,540</u>	<u>-</u>	<u>-</u>
Liabilities					
Accounts payable	5,854,019	5,552,335	11,406,354	49,987	-
Accrued salaries and benefits	293,635	37,899	331,534	32,286	-
Accrued interest	411,897	427,848	839,745	-	-
Accrued expenses	-	119,287	119,287	-	-
Unearned revenue	346,544	3,830,867	4,177,411	-	-
Meter deposits payable	-	1,953,555	1,953,555	-	-
PID Assessments	-	179,769	179,769	-	-
Escrow deposits	1,092,915	10,400,000	11,492,915	-	-
Payable from restricted assets					
Accounts payable for capital projects	-	1,193,845	1,193,845	-	-
Long-term liabilities					
Due within one year					
Compensated absences	298,580	22,599	321,179	-	-
Bonds payable	4,643,363	6,341,805	10,985,168	-	-
Note payable	-	225,474	225,474	80,223	-
Due in more than one year					
Total OPEB liability	200,029	35,299	235,328	-	-
Compensated absences	895,740	67,797	963,537	-	-
Note payable	-	474,577	474,577	216,458	-
Bonds payable	150,481,222	132,737,496	283,218,718	-	-
Total liabilities	<u>164,517,944</u>	<u>163,600,452</u>	<u>328,118,396</u>	<u>378,954</u>	<u>-</u>
Deferred Inflows of Resources					
Lease related	2,812,650	-	2,812,650	-	-
Deferred pension inflows	691,139	112,512	803,651	-	-
Deferred OPEB inflows	28,056	4,820	32,876	-	-
Total deferred inflows of resources	<u>3,531,845</u>	<u>117,332</u>	<u>3,649,177</u>	<u>-</u>	<u>-</u>
Net Position					
Net investment in capital assets	102,946,241	89,549,445	192,495,686	-	-
Restricted for net pension asset	933,777	152,009	1,085,786	-	-
Restricted for debt service	1,968,883	-	1,968,883	-	-
Restricted for capital projects	15,327,498	-	15,327,498	-	-
Restricted for law enforcement	120,031	-	120,031	-	-
Restricted for courts	148,846	-	148,846	-	-
Restricted for PEG	68,964	-	68,964	-	-
Restricted for hotel	23,665	-	23,665	-	-
Restricted for technology	698,373	-	698,373	-	-
Restricted for economic development	-	-	-	2,487,002	2,332,838
Unrestricted	<u>39,072,195</u>	<u>60,358,870</u>	<u>99,431,065</u>	<u>-</u>	<u>-</u>
Total net position	<u>\$ 161,308,473</u>	<u>\$ 150,060,324</u>	<u>\$ 311,368,797</u>	<u>\$ 2,487,002</u>	<u>\$ 2,332,838</u>

The accompanying notes are an integral part of these financial statements.

City of Celina, Texas
Statement of Activities
Year Ended September 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
Administration	\$ 6,478,575	\$ -	\$ -	\$ -
Judicial	193,302	-	-	-
Fire and emergency services	6,620,651	2,575,378	25,521	-
Development services	8,535,165	7,243,376	-	-
Public works	2,097,180	17,466,229	-	-
Police department	5,178,526	202,281	72,409	-
Parks and recreation	1,883,123	4,845,734	2,250,000	-
Library	317,775	-	-	-
Infrastructure	-	-	-	10,081,541
Main Street project	36,325	-	-	-
Interest and fiscal charges	3,634,414	-	-	-
Total governmental activities	34,975,036	32,332,998	2,347,930	10,081,541
Business-type Activities				
Water and sewer services	22,337,443	43,119,619	-	22,459,804
Total Business-type Activities	22,337,443	43,119,619	-	22,459,804
Total Primary Government	\$ 57,312,479	\$ 75,452,617	\$ 2,347,930	\$ 32,541,345
Component Units				
Celina Economic Development Corp	\$ 763,150	\$ -	\$ -	\$ -
Celina Community Development Corp	2,250,000	-	-	-
Total component units	\$ 3,013,150	\$ -	\$ -	\$ -

General Revenues

Ad valorem tax
Sales tax
Franchise tax
Miscellaneous
Unrestricted investment earnings
Grants not restricted to specific programs

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position, Beginning of Year

Net Position, End of Year

The accompanying notes are an integral part of these financial statements.

City of Celina, Texas
Statement of Activities
Year Ended September 30, 2022 (Continued)

Net (Expense) Revenue and Changes in Net Position			Component Units	
Governmental Activities	Business-type Activities	Total	Economic Development Corporation	Community Development Corporation
\$ (6,478,575)	\$ -	\$ (6,478,575)	\$ -	\$ -
(193,302)	-	(193,302)	-	-
(4,019,752)	-	(4,019,752)	-	-
(1,291,789)	-	(1,291,789)	-	-
15,369,049	-	15,369,049	-	-
(4,903,836)	-	(4,903,836)	-	-
5,212,611	-	5,212,611	-	-
(317,775)	-	(317,775)	-	-
10,081,541	-	10,081,541	-	-
(36,325)	-	(36,325)	-	-
(3,634,414)	-	(3,634,414)	-	-
9,787,433	-	9,787,433	-	-
-	43,241,980	43,241,980	-	-
-	43,241,980	43,241,980	-	-
<u>\$ 9,787,433</u>	<u>\$ 43,241,980</u>	<u>\$ 53,029,413</u>	<u>\$ -</u>	<u>-</u>
\$ -	\$ -	\$ -	\$ (763,150)	\$ -
-	-	-	-	(2,250,000)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (763,150)</u>	<u>\$ (2,250,000)</u>
\$ 16,242,263	\$ -	\$ 16,242,263	\$ -	\$ -
3,213,081	-	3,213,081	1,774,943	1,774,943
783,188	-	783,188	-	-
3,951,136	-	3,951,136	3,000	-
917,556	776,837	1,694,393	41,641	16,812
-	215,778	215,778	-	-
748,705	(748,705)	-	-	-
25,855,929	243,910	26,099,839	1,819,584	1,791,755
35,643,362	43,485,890	79,129,252	1,056,434	(458,245)
125,665,111	106,574,434	232,239,545	1,430,568	2,791,083
<u>\$ 161,308,473</u>	<u>\$ 150,060,324</u>	<u>\$ 311,368,797</u>	<u>\$ 2,487,002</u>	<u>\$ 2,332,838</u>

City of Celina, Texas
Balance Sheet – Governmental Funds
September 30, 2022

	General Fund	Debt Service Fund	Street Construction Fund	Parkland Fees Fund	Bond Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 26,806,810	\$ 1,963,623	\$ 1,908,440	\$ 6,861,661	\$ 71,510,561	\$ 26,800,318	\$ 135,851,413
Sales taxes receivable	651,288	-	-	-	-	-	651,288
Property taxes receivable, net	142,876	69,774	-	-	-	-	212,650
EMS receivable, net	176,229	-	-	-	-	-	176,229
Other receivables	619,829	-	-	-	7,518	240,854	868,201
Lease receivable	-	-	-	-	-	2,879,425	2,879,425
Inventory	6,644	-	-	-	-	-	6,644
Prepaid items	34,537	-	-	-	873,057	21,553	929,147
Total assets	\$ 28,438,213	\$ 2,033,397	\$ 1,908,440	\$ 6,861,661	\$ 72,391,136	\$ 29,942,150	\$ 141,574,997
Liabilities							
Accounts payable	\$ 3,022,210	\$ -	\$ 50,392	\$ 26,699	\$ 2,008,007	\$ 591,101	\$ 5,698,409
Retainage payable	-	-	-	-	155,610	-	155,610
Accrued salaries and benefits	293,635	-	-	-	-	-	293,635
Escrowed funds	1,092,915	-	-	-	-	-	1,092,915
Unearned revenue	346,544	-	-	-	-	-	346,544
Total liabilities	4,755,304	-	50,392	26,699	2,163,617	591,101	7,587,113
Deferred Inflows of Resources							
Lease related	-	-	-	-	-	2,812,650	2,812,650
Unavailable revenue	220,578	64,514	-	-	-	-	285,092
Total deferred inflows of resources	220,578	64,514	-	-	-	2,812,650	3,097,742
Fund Balances							
Nonspendable							
Prepays and inventory	41,181	-	-	-	873,057	21,553	935,791
Restricted							
Capital projects	-	-	1,858,048	-	69,354,462	16,251,851	87,464,361
Debt service	-	1,968,883	-	-	-	-	1,968,883
Law enforcement	-	-	-	-	-	120,031	120,031
Courts	-	-	-	-	-	148,846	148,846
PEG	-	-	-	-	-	68,964	68,964
Hotel	-	-	-	-	-	23,665	23,665
Technology	-	-	-	-	-	698,373	698,373
Assigned for use in specific funds	-	-	-	6,834,962	-	9,205,116	16,040,078
Unassigned	23,421,150	-	-	-	-	-	23,421,150
Total fund balances	23,462,331	1,968,883	1,858,048	6,834,962	70,227,519	26,538,399	130,890,142
Total liabilities, deferred inflows of resources, and fund balances	\$ 28,438,213	\$ 2,033,397	\$ 1,908,440	\$ 6,861,661	\$ 72,391,136	\$ 29,942,150	\$ 141,574,997

The accompanying notes are an integral part of these financial statements.

City of Celina, Texas
Reconciliation of the Governmental Fund Balance Sheet
To the Statement of Net Position
September 30, 2022

Fund balances of governmental funds	\$ 130,890,142
Amounts presented for governmental activities in the statement of net position are different because:	
Capital assets reported in the statement of net position are not financial resources and are not reported in the fund balance sheet.	186,001,110
Receivables not measurable and available within 60 days of year-end, and therefore are unavailable in the fund financial statements.	285,092
Net pension asset \$933,777, the related deferred outflows of resources \$699,349, and the related deferred inflows of resources (\$691,139) are not available to pay current-period expenditures and therefore are not recorded in the funds.	941,987
Total OPEB liability (\$200,029), the related deferred outflows of resources \$60,566, and the related deferred inflows of resources (\$28,056) are not due and payable in the current period and therefore are not recorded in the funds.	(167,519)
Interest due on long-term debt is recorded as accrued interest payable in the statement of net position but does not become a liability on the fund statements until the date due	(411,897)
Long-term liabilities, including related deferred loss on refundings, are reported in the statement of net position but they are not due and payable or consume net position in the current period and; therefore, are not reported in the fund balance sheet	(156,230,442)
Net position of governmental activities	<u>\$ 161,308,473</u>

The accompanying notes are an integral part of these financial statements.

City of Celina, Texas
Statement of Revenues, Expenditures,
and Changes in Fund Balances – Governmental Funds
Year Ended September 30, 2022

	General Fund	Debt Service	Street Construction	Parkland Fees Fund	Bond Fund	Other Governmental	Total Governmental
Revenues							
Ad valorem taxes	\$ 9,780,588	\$ 6,428,145	\$ -	\$ -	\$ -	\$ -	\$ 16,208,733
Franchise fees	783,188	-	-	-	-	-	783,188
Sales tax	3,213,081	-	-	-	-	-	3,213,081
Permits and inspection fees	17,466,229	-	-	-	-	-	17,466,229
Development fees	865,154	-	-	-	-	-	865,154
Developer contributions	103,646	-	-	-	-	-	103,646
Fire department, EMS, and police revenues	2,575,378	-	-	-	-	-	2,575,378
Fines	169,647	-	-	-	-	-	169,647
Special events and donations	253,386	-	-	-	-	26,604	279,990
Park fees	373,244	-	-	4,192,500	-	-	4,565,744
Impact and capital recovery fees	-	-	-	-	-	6,378,222	6,378,222
Other income	668,607	-	-	-	20,844	3,246,099	3,935,550
Interest	242,773	42,288	10,690	49,139	399,527	173,139	917,556
Intergovernmental	-	-	-	-	-	2,250,000	2,250,000
Federal, state, and local grants	96,004	-	-	-	-	1,926	97,930
Total revenues	36,590,925	6,470,433	10,690	4,241,639	420,371	12,075,990	59,810,048
Expenditures							
Current							
Administration	6,293,119	-	-	-	-	391,272	6,684,391
Judicial	193,302	-	-	-	-	-	193,302
Fire and emergency services	5,705,911	-	-	-	-	-	5,705,911
Development services	4,766,657	-	-	-	-	286,026	5,052,683
Public works	1,756,429	-	590	-	-	328,792	2,085,811
Police department	5,074,694	-	-	-	-	39,802	5,114,496
Parks and recreation	1,443,183	-	-	180,000	-	-	1,623,183
Library	296,204	-	-	-	-	-	296,204
Main street project	-	-	-	-	-	36,325	36,325
Capital Outlay	431,818	-	1,101,287	1,978,586	18,417,525	6,118,741	28,047,957
Debt Service:							
Principal	-	2,605,000	-	-	-	-	2,605,000
Interest and fiscal charges	-	4,063,385	-	-	-	-	4,063,385
Bond issuance cost	-	-	-	-	301,079	-	301,079
Total expenditures	25,961,317	6,668,385	1,101,877	2,158,586	18,718,604	7,200,958	61,809,727
Excess (deficiency) of revenues over (under) expenditures	10,629,608	(197,952)	(1,091,187)	2,083,053	(18,298,233)	4,875,032	(1,999,679)
Other Financing Sources (Uses)							
Issuance of bonds	-	-	-	-	31,275,000	-	31,275,000
Bond premium	-	-	-	-	4,033,597	-	4,033,597
Sale of capital assets	-	-	-	-	-	36,221	36,221
Transfers in	948,720	-	1,000,000	-	22,897	3,649,624	5,621,241
Transfers out	(4,672,520)	-	-	-	(200,016)	-	(4,872,536)
Total other financing sources (uses)	(3,723,800)	-	1,000,000	-	35,131,478	3,685,845	36,093,523
Net Change in Fund Balances	6,905,808	(197,952)	(91,187)	2,083,053	16,833,245	8,560,877	34,093,844
Fund Balances, Beginning of Year	16,556,523	2,166,835	1,949,235	4,751,909	53,394,274	17,977,522	96,796,298
Fund Balances, End of Year	\$ 23,462,331	\$ 1,968,883	\$ 1,858,048	\$ 6,834,962	\$ 70,227,519	\$ 26,538,399	\$ 130,890,142

The accompanying notes are an integral part of these financial statements.

City of Celina, Texas
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended September 30, 2022

Net change in fund balances – total governmental funds		\$ 34,093,844
Amounts reported for governmental activities in the statement of net position are different because:		
Governmental funds report capital outlays as expenditures, while in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay of \$28,154,098 exceeded depreciation expense of (\$5,047,787).		23,000,170
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.		
Donation of capital assets	9,977,895	
Loss on sale of assets	<u>(20,635)</u>	9,957,260
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Bonds issued	(31,275,000)	
Premium received	(4,033,597)	
Principal paid on bonds	2,605,000	
Principal paid on financed purchase	98,876	
Amortization of bond premiums	974,996	
Amortization of deferred amounts of refunding	<u>(22,116)</u>	(31,651,841)
Changes in the liabilities for compensated absences (do)/do not require the use of current resources and therefore are/(are not) recorded in the funds.		97,397
Changes in long term amounts for net pension asset, the related deferred outflows of resources, and the related deferred inflows of resources are/(are not) recorded in the funds.		344,366
Changes in long term amounts for OPEB liability, the related deferred outflows of resources, and the related deferred inflows of resources are/(are not) recorded in the funds.		(41,168)
Interest accrued on bonds payable in governmental activities are not due and payable and therefore are not reported as expenditures in the governmental funds. This is the net change in accrued interest payable.		(222,830)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This includes the change in deferred inflows from ad valorem taxes of, fines receivable and grants receivable.		<u>66,164</u>
Change in net position – governmental activities		<u>\$ 35,643,362</u>

The accompanying notes are an integral part of these financial statements.

City of Celina, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – General Fund
Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Ad valorem taxes	\$ 9,922,581	\$ 9,922,581	\$ 9,780,588	\$ (141,993)
Franchise fees	605,000	605,000	783,188	178,188
Sales tax	2,100,000	2,100,000	3,213,081	1,113,081
Permits and inspection fees	10,800,000	10,830,000	17,466,229	6,636,229
Development fees	150,000	150,000	865,154	715,154
Developer contributions	199,000	239,000	103,646	(135,354)
Fire department, EMS, and police revenues	1,768,000	2,339,571	2,575,378	235,807
Fines	140,600	140,600	169,647	29,047
Special events and donations	211,050	211,050	253,386	42,336
Park fees	265,455	384,455	373,244	(11,211)
Other income	758,800	613,807	668,607	54,800
Interest	150,000	150,000	242,773	92,773
Federal, state, and local grants	30,000	30,000	96,004	66,004
Total revenues	27,100,486	27,716,064	36,590,925	8,874,861
Expenditures				
Current				
Administration	6,840,518	7,048,206	6,293,119	755,087
Judicial	206,854	203,714	193,302	10,412
Fire and emergency services	5,604,843	6,014,342	5,705,911	308,431
Development services	5,557,102	5,663,121	4,766,657	896,464
Public works	2,220,278	2,253,278	1,756,429	496,849
Police department	6,320,162	6,461,999	5,074,694	1,387,305
Parks and recreation	1,594,268	1,759,139	1,443,183	315,956
Library	465,490	466,140	296,204	169,936
Capital Outlay	-	-	431,818	(431,818)
Total expenditures	28,809,515	29,869,939	25,961,317	3,908,622
Excess (deficiency) of revenues over (under) expenditures	(1,709,029)	(2,153,875)	10,629,608	12,783,483
Other Financing Sources (Uses)				
Transfers in	903,720	948,720	948,720	-
Transfers out	(849,624)	(5,349,624)	(4,672,520)	677,104
Total other financing sources (uses)	54,096	(4,400,904)	(3,723,800)	677,104
Net Change in Fund Balances	(1,654,933)	(6,554,779)	6,905,808	13,460,587
Fund Balances, Beginning of Year	16,556,523	16,556,523	16,556,523	-
Fund Balances, End of Year	\$ 14,901,590	\$ 10,001,744	\$ 23,462,331	\$ 13,460,587

The accompanying notes are an integral part of these financial statements.

Proprietary Fund Financial Statements



Life Connected.

City of Celina, Texas
Statement of Net Position – Proprietary Fund
September 30, 2022

	<u>Water and Sewer Fund</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 78,042,287
Cash and cash equivalents – restricted	1,373,614
Prepays	1,792
Inventory	675,896
Accounts receivable, net	3,509,320
Grants receivable	<u>750,000</u>
Total current assets	<u>84,352,909</u>
Noncurrent assets	
Cash and cash equivalents – restricted for capital projects	37,699,917
Net pension asset	152,009
Capital assets	
Land	7,950,893
Depreciable capital assets, net	147,445,972
Construction in progress	<u>36,052,246</u>
Capital assets, net	<u>191,449,111</u>
Total noncurrent assets	<u>229,301,037</u>
Total assets	<u>313,653,946</u>
Deferred Outflows of Resources	
Deferred pension outflows	113,847
Deferred OPEB outflows	<u>10,315</u>
Total deferred outflows of resources	<u>124,162</u>
Liabilities	
Current liabilities:	
Accounts payable	5,552,335
Accounts payable for capital projects	1,193,845
Accrued salaries and benefits	37,899
Accrued expenses	119,287
Bonds payable – current	6,567,279
Compensated absences – current	22,599
Accrued interest payable	427,848
Meter deposits payable	1,953,555
PID Assessments	179,769
Escrow deposits	10,400,000
Unearned revenue	<u>3,830,867</u>
Total current liabilities	<u>30,285,283</u>
Noncurrent Liabilities	
Compensated absences – long-term	67,797
Total OPEB liability	35,299
Bonds payable – long-term	<u>133,212,073</u>
Total noncurrent liabilities	<u>133,315,169</u>
Total liabilities	<u>163,600,452</u>
Deferred Inflows of Resources	
Deferred pension inflows	112,512
Deferred OPEB inflows	<u>4,820</u>
Total deferred inflows of resources	<u>117,332</u>
Net Position	
Net investment in capital assets	89,549,445
Restricted for net pension asset	152,009
Unrestricted	<u>60,358,870</u>
Total net position	<u>\$ 150,060,324</u>

The accompanying notes are an integral part of these financial statements.

City of Celina, Texas
Statement of Revenues, Expenses, and
Changes in Net Position – Proprietary Fund
Year Ended September 30, 2022

	<u>Water and Sewer Fund</u>
Operating Revenues	
Water sales	\$ 14,341,967
Sewer sales	7,802,731
Stormwater drainage fees	1,004,576
Garbage fees	2,400,056
Penalties	297,493
Tap and reconnect fees	5,543,772
Impact fees	5,580,045
Capital recovery fees	4,465,700
Other revenues	1,899,057
Total operating revenues	43,335,397
Operating Expenses	
Salaries and benefits	2,150,549
Garbage fees	1,998,037
Materials and supplies	312,664
Postage	93,917
Repairs and facility maintenance	195,580
General insurance	44,386
Utilities and telephone	502,586
Water purchases and related fees	6,428,200
UTRWD facilities charges	1,453,945
Developer incentives	237,456
Depreciation	4,700,028
Other expense	474,479
Total operating expenses	18,591,827
Operating Income	24,743,570
Nonoperating Revenues (Expenses)	
Intergovernmental	215,778
Interest income	776,837
Bond issuance cost	(301,829)
Interest and fiscal charges	(3,443,787)
Total nonoperating revenues (expenses)	(2,753,001)
Income before contributions and transfers	21,990,569
Capital contributions	22,244,026
Transfers in (out)	(748,705)
Change in Net Position	43,485,890
Net Position, Beginning of Year	106,574,434
Net Position, End of Year	<u><u>\$ 150,060,324</u></u>

The accompanying notes are an integral part of these financial statements.

City of Celina, Texas
Statement of Cash Flows – Proprietary Fund
Year Ended September 30, 2022

	<u>Water and Sewer Fund</u>
Cash Flows from Operating Activities	
Cash received from customers and users	\$ 44,606,247
Cash paid to suppliers	1,553,446
Cash paid to employees	(2,495,873)
Receipt of customer deposits	<u>414,290</u>
Net cash provided by operating activities	<u>44,078,110</u>
Cash Flows from Noncapital Financing Activities	
Change in PID assessments	(136,176)
Transfers to other funds	<u>(748,705)</u>
Net cash used in noncapital financing activities	<u>(884,881)</u>
Cash Flows from Capital and Related Financing Activities	
Acquisition of capital assets	(37,555,192)
Proceeds from issuance of bonds	35,308,597
Principal payments on bonds	(3,480,000)
Principal payments on notes	(225,475)
Bond issuance cost	(301,829)
Interest paid on bonds and other long-term obligations	<u>(3,939,168)</u>
Net cash used in capital and related financing activities	<u>(9,977,289)</u>
Cash Flows from Investing Activities	
Investment income	<u>776,837</u>
Net cash provided by investing activities	<u>776,837</u>
Net Increase in Cash and Cash Equivalents	33,992,777
Cash and Cash Equivalents, Beginning of Year	<u>83,123,041</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 117,115,818</u></u>

The accompanying notes are an integral part of these financial statements.

City of Celina, Texas
Statement of Cash Flows – Proprietary Fund (Continued)
Year Ended September 30, 2022

	<u>Water and Sewer Fund</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position	
Cash and cash equivalents	\$ 78,042,287
Restricted cash and cash equivalents	
Current	1,373,614
Noncurrent	<u>37,699,917</u>
Total cash and cash equivalents	<u><u>\$ 117,115,818</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 24,743,570
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	4,700,028
(Increases) decreases in assets and deferred outflows	
Accounts receivable (net)	(540,685)
Prepaid expenses	(1,792)
Inventory	(675,896)
Net pension asset	(95,944)
Deferred pension outflows	(26,187)
Deferred OPEB outflows	(1,092)
Increases (decreases) in liabilities and deferred inflows:	
Accounts payable	3,453,097
Accrued expenses	(236,538)
Total OPEB liability	7,002
Compensated absences	57,561
Meter deposits payable	414,290
Escrow deposits	10,400,000
Unearned revenue	1,811,535
Deferred pension inflows	66,074
Deferred OPEB inflows	<u>3,087</u>
Total adjustments	<u>19,334,540</u>
Net Cash Provided by Operating Activities	<u><u>\$ 44,078,110</u></u>
Supplemental Disclosure of Noncash Investing, Capital, and Financing Activities	
Contributions of capital assets	\$ 22,244,026
Additions to capital assets included in accounts payable	\$ 1,193,845

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements



Life Connected.

City of Celina, Texas
Notes to Financial Statements
September 30, 2022

Note 1: Introduction and Summary of Significant Accounting Policies

The financial statements of the City of Celina, Texas (City) and its component units, Celina Economic Development Corporation and Celina Community Development Corporation, collectively identified as the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounting and reporting framework and the more significant accounting principles and practices of the City are discussed in subsequent sections of this note. The remaining notes are organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ending September 30, 2022.

Reporting Entity and Related Organizations

The City is a municipal corporation governed by an elected mayor and six member City Council. The City provides general administration, public works, police and judicial, and fire and emergency services to its residents. The Council hires a City Manager for day to day operations.

The City Council has the authority to make decisions, appoint administrators and managers, significantly influence operations, and has the primary accountability for fiscal matters. The City is not included in any other governmental "reporting entity" as defined by Governmental Accounting and Financial Reporting Standards.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GASB Statements No. 14 and 39 as amended by GASB Statement 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*. These statements define the reporting entity as the primary government and those component units for which the primary government is financially accountable. In addition, component units may be included in the reporting entity based on the nature and significance of the relationship with the primary government or based on being closely related or financially integrated with the primary government. Based on these criteria, the City has the following component units at September 30, 2022:

City of Celina, Texas
Notes to Financial Statements
September 30, 2022

**Note 1: Introduction and Summary of Significant Accounting Policies
(Continued)**

Discretely Presented Component Units

Celina Economic Development Corporation (CEDC) - CEDC serves all citizens of the government and is governed by a board appointed by the City Council. The City Council may remove the CEDC board for cause. The City has the ability to impose its will on CEDC and the potential for financial benefit or burden from CEDC's operations. CEDC is a nonprofit corporation governed by Section 4A of the *Texas Development Corporation Act of 1979* and organized for the public purpose of aiding, promoting, and furthering economic development within the City of Celina, Texas.

Celina Community Development Corporation (CCDC) - CCDC serves all citizens of the government and is governed by a board appointed by the City Council. The City Council may remove the CCDC board for cause. The City has the ability to impose its will on CCDC and the potential for financial benefit or burden from CCDC's operations. CCDC is a nonprofit corporation governed by Section 4B of the *Texas Development Corporation Act of 1979* and organized for the public purpose of the promotion and development of industrial and manufacturing enterprises to promote and encourage employment and the public welfare of the City of Celina, Texas.

Neither CEDC nor CCDC prepare separate financial statements.

Government-Wide and Fund Financial Statements

Government-wide financial statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

City of Celina, Texas
Notes to Financial Statements
September 30, 2022

**Note 1: Introduction and Summary of Significant Accounting Policies
(Continued)**

Fund Financial Statements

Fund financial statements are provided for governmental and proprietary funds. Major individual governmental funds and proprietary funds are reported in separate columns with composite columns for nonmajor funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide statements, including the discretely presented component units, are prepared using the *economic resources measurement focus* and the *accrual basis of accounting* generally including the reclassification or elimination of internal activity (between or within funds). Proprietary fund financial statements report using this same measurement focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements and the fund level statements of the discretely presented component units are prepared using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond, capital lease principal, pension and other postemployment benefit obligations, compensated absences, and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include sales and use taxes, property taxes, franchise taxes, grant revenues, and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for the proprietary fund are charges to customers for water and sewer sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as *non-operating* in the financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

City of Celina, Texas
Notes to Financial Statements
September 30, 2022

**Note 1: Introduction and Summary of Significant Accounting Policies
(Continued)**

Fund Types and Major Funds

Governmental Funds

The City reports the following major governmental funds:

General Fund – reports as the primary operating fund of the City. This fund is used to account for all financial resources not reported in other funds.

Debt Service Fund – accounts for the accumulation of financial resources for the payment of principal and interest on the City's general obligation debt. The City annually levies ad valorem taxes restricted for the retirement of general obligation bonds, capital leases and interest. This fund reports all such ad valorem taxes collected.

Street Construction Fund – accounts for the financing and acquisition of major capital street projects. Fund resources are provided primarily through bond sales and interest earnings. This fund is designated as major.

Parkland Fees Fund – accounts for the financing and acquisition of major capital park projects. Fund resources are provided primarily through developer park contributions and grants. This fund is designated as major.

Bond Fund – accounts for the acquisition or construction of streets and other capital projects being financed through bond proceeds, or transfers from other funds.

Additionally, the City maintains the following nonmajor governmental funds:

Roadway Impact Fees Fund – accounts for the receipt and expenditure of roadway fees paid to the City.

Capital Equipment Replacement Fund - accounts for the financing and acquisition of capital public safety projects. Fund resources are provided primarily through fire and police fees.

Capital Acquisition Fund- accounts for the financing and acquisition of capital projects. Fund resources are provided primarily through bond sales and interest earnings.

Roadway Capital Recovery Fees Fund – accounts for the receipt and expenditure of road capital recovery fees paid to the City.

Technology Fund – accounts for the receipt and expenditure of technology funds. Fund resources are provided primarily through technology fees.

Stabilization Fund – established to help the City maintain resiliency by ensuring adequate balance to cash flow requirements during economic turbulence.

City of Celina, Texas
Notes to Financial Statements
September 30, 2022

**Note 1: Introduction and Summary of Significant Accounting Policies
(Continued)**

Developer Capital Fees Fund – to account for Developer Fees paid to build capital projects per the agreements.

Court Special Revenue Fund – to account for the receipt and expenditure of court security and technology funds. Fund resources are provided primarily through contributions, donations, and court security fees.

Other Special Revenue Funds – to account for various grants, PEG fees, Law Enforcement, and Contributions/Donations to the City.

Proprietary Funds – The City reports the following major Proprietary fund:

Water and Sewer Fund – accounts for the operating activities of the City's water and sewer utilities services.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position Cash and Cash Equivalents

The City maintains cash and investment pools which are shared by the various governmental funds. In addition, non-pooled cash and investments are separately held and reflected in the respective individual funds. These pooled and non-pooled cash and investment pools are displayed on its respective balance sheet as "cash and cash equivalents".

Investments in external pools are stated at amortized cost and have not been classified in the fair value hierarchy.

The City reporting entity considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

Inventories and Prepaids

Inventories consisting of expendable supplies held for consumption in governmental funds are reported using the expenditure method. Under this method, amounts paid for these items are reported as expenditures when purchased. Inventories, when material, are valued at cost stated on a first-in, first-out basis.

Prepaid items record payments to vendors that benefit future reporting periods and are reported on the consumption basis at cost on the government-wide and fund financial statements.

City of Celina, Texas
Notes to Financial Statements
September 30, 2022

Note 1: Introduction and Summary of Significant Accounting Policies
(Continued)

Lease Receivable

The City is a lessor for various noncancellable leases of its water towers. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines: (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses the lessee's rate, or the rate disclosed in the agreement. If the rate is not readily available, the City uses its incremental borrowing rate as the discount rate.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net assets that applies to a future reporting period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

The government reports deferred outflows related to deferred loss on bond refundings, pension and OPEB in the government-wide statement of net position.

City of Celina, Texas
Notes to Financial Statements
September 30, 2022

Note 1: Introduction and Summary of Significant Accounting Policies
(Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from the following sources: property taxes, fines, and ambulance billing. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the government reports deferred inflows related to leases, pension and OPEB in the government-wide statement of net position.

Capital Assets, Depreciation, and Amortization

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost, or if historical cost is not available, they are stated at estimated historical cost. Donated assets are reported at acquisition value. These assets are reported in the government-wide financial statements in the applicable governmental or business-type column or in the proprietary fund. The City maintains infrastructure asset records consistent with all other capital assets. The City generally capitalizes assets with a cost of \$5,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is reported.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	40
Road infrastructure	15-50
Water and sewer infrastructure and rights	20-40
Vehicles	5
Furniture, machinery, and equipment	5

Long-term Debt and Bond Discounts/Premiums

In the government-wide and proprietary financial statements, outstanding debt is reported as liabilities. Bond discounts are capitalized and amortized over the shorter term of the old or new bonds using the straight-line method. Bond premiums are capitalized and amortized over the life of the new bonds using the effective interest method. Issuance costs are expensed.

City of Celina, Texas
Notes to Financial Statements
September 30, 2022

Note 1: Introduction and Summary of Significant Accounting Policies
(Continued)

The City collects and holds money from approved developer agreements and other private construction commitments assessed during the permitting process. The escrow deposits are either refunded once the developer has completely fulfilled their commitment or applied to revenue to reimburse for the City's cost in completing the obligation.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

Pensions

For purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS' Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Defined Benefit Other Postemployment Benefit Plans

The City has a single-employer defined benefit other postemployment benefit (OPEB) plan (Plan). For purposes of measuring the total OPEB liability for the Plan, deferred outflows of resources and deferred inflows of resources related to the OPEB plan, and OPEB expense have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms for the Plan.

Compensated Absences

Full-time employees earn vacation leave for each month of work performed. Progressive accrual of vacation leave is based on the number of years the individual is employed by the City. After completion of a probationary period of employment, accrued vacation leave is paid upon termination of employment. Full-time employees also earn sick leave time. Unused sick leave is not paid upon termination of employment; therefore, no monetary obligation exists.

Compensated absences are reported as accrued in the government-wide, proprietary, and component unit financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees. These are included in accrued salaries and benefits, as applicable.

City of Celina, Texas
Notes to Financial Statements
September 30, 2022

Note 1: Introduction and Summary of Significant Accounting Policies
(Continued)

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources of governmental and business-type activities and proprietary funds. The government-wide and proprietary fund financials utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets – This amount consists of capital and leased assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt, that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted Net Position – This amount is restricted by external parties such as creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This amount is the net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Equity

The City implemented GASB Statement 54 standards for the classification of fund balances in the governmental funds. The fund balances of governmental funds are defined as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form, such as inventory or prepaid items or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

City of Celina, Texas
Notes to Financial Statements
September 30, 2022

**Note 1: Introduction and Summary of Significant Accounting Policies
(Continued)**

Committed – amounts that can be used only for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through a formal resolution of the City Council.

Assigned – amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council's delegation of this responsibility to City management through the budgetary process.

Unassigned – all other spendable amounts in the general fund. The General Fund is the only fund that reports a positive unassigned fund balance amount.

The City Council delegates the responsibility to assign funds to the City Manager, Director of Finance, or other designees.

When expenditures are incurred for which both restricted and unrestricted fund balance is available the City considers restricted funds to have been spent first. Similarly, committed funds are considered to have been spent first when there is a choice for the use of less restricted funds, then assigned, and then unassigned funds.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a participant in the Texas Municipal League (TML) Employees Health Insurance Fund, Texas Municipal League Workers' Compensation Joint Insurance Fund (WC Fund), and the Texas Municipal League Joint Self-Insurance Fund (Property-Liability Fund), a public entity risk pool operated by the Texas Municipal League Board for the benefit of individual governmental units located within Texas. The agreement provides that the trust established by TML will be self-sustaining through member premiums. The City pays annual premiums to TML for worker's compensation, general and auto liability, property damage, employee dishonesty, public officials' liability, and law enforcement professional liability coverage. The City does not anticipate any material additional insurance cost assessments as a result of participation in this risk management pool. There were no reductions in insurance coverage from the prior year. Settlements have not exceeded insurance coverage during any of the past three fiscal years.

Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

City of Celina, Texas
Notes to Financial Statements
September 30, 2022

**Note 1: Introduction and Summary of Significant Accounting Policies
(Continued)**

Adoption of New Accounting Standards

GASB Statement No. 87, *Leases*, establishes new guidance for lease accounting for lessees and lessors and eliminates the classification of leases as either operating or capital leases. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right-to-use an underlying asset. Lessees will recognize a lease liability and an intangible right-to-use lease asset, when applicable. Lessors will recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The City has implemented this Statement in fiscal year 2022. See *Note 5* for additional information.

Note 2: Stewardship, Compliance, and Accountability

Budgetary Information

The City Manager submits an annual budget to the City Council in accordance with the laws of the State of Texas and the city charter. The budget is presented to the City Council for review, budget workshops are held with the various City department officials, and public hearings are held to address priorities and the allocation of resources. Generally, in August, the City Council adopts the annual fiscal year budgets for all City operating funds. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

The legal level of budgetary control is at the fund level, but to help departments manage resources a detailed line item budget is prepared for internal use. Each fund's approved budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personnel services and related fringe benefits, supplies, other services and charges, capital outlay, transfers, and debt service. Expenditures may not exceed appropriations at the department level. Within this control level, management may transfer appropriations between line items. Line-item transfers within a department are not subject to final review by the City Council. Budget revisions and line item transfers are subject to final review by the City Council. Revisions to the budget were made throughout the year.

Annual budgets for the General Fund, Debt Service Fund and Water and Sewer Fund are legally adopted on a basis consistent with generally accepted accounting principles. The capital projects fund is appropriated on a project-length basis. Other special revenue funds do not have appropriated budgets since other means control the use of these resources and sometimes span a period of more than one fiscal year.

City of Celina, Texas
Notes to Financial Statements
September 30, 2022

Note 2: Stewardship, Compliance, and Accountability (Continued)

The budgets for the operating funds are prepared on the cash and expenditure basis. Revenues are budgeted in the year receipt is expected; and expenditures, which do not include encumbrances, are budgeted in the year that the liability is to be incurred. The Debt Service Fund budget is prepared to provide funding for general obligation debt service when liabilities are due for payment. The General Fund budget and actual included in the basic financial statements is presented on these bases. Unexpended appropriations for annually budgeted funds lapse at fiscal year-end.

Note 3: Deposits and Investments

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned, or the City will not be able to recover collateral securities in the possession of an outside party. The City's policy requires deposits to be fully secured by collateral valued at market or par, whichever is lower, less the amount of Federal Deposit Insurance Corporation (FDIC) insurance. Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health. Collateral agreements must be approved prior to deposit of funds. The City Council approves authorized depository institutions based on the recommendations of City management.

Deposits of City of Celina, Texas (primary government), CEDC and CCDC were fully insured or collateralized with securities held by the City, CEDC, CCDC, its agent, or by the pledging financial institution's trust department or agent in the name of the City, CEDC or CCDC, respectively.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the City's investing activities are managed under the custody of the Finance Director. Investing is performed in accordance with investment policies adopted by the City Council in compliance with the *Public Funds Investment Act* (PFIA).

City investment policy and the PFIA generally permit the City to invest in FDIC insured or fully collateralized certificates of deposit, fully collateralized repurchase agreements, public funds investment pools, obligations of the United States of America or its agencies, direct obligations of the State of Texas and obligations of agencies, counties, cities, and other political subdivisions of Texas having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent. During the year ended September 30, 2022, the City did not own any types of securities other than those permitted by the City investment policy or the *Public Funds Investment Act*.

City of Celina, Texas
Notes to Financial Statements
September 30, 2022

Note 3: Deposits and Investments (Continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. City policy generally requires investment maturities to correspond to anticipated cash flow needs. City policy further states that volatile investment instruments shall be avoided and that nonmarketable instruments with maturities beyond one month shall not exceed 30 percent of the portfolio. In addition, investment maturities shall not exceed the following limits:

Operating funds – 30 days

Capital project funds – corresponding draw schedules

Debt service funds – corresponding payment dates, not to exceed (6) six months

Bond reserve funds – (5) five years

External Investment Pools: The City's pooled investments as of September 30, 2022, were invested in TexPool.

The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an Advisory Board composed both of participants in TexPool and of other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. Finally, TexPool is rated AAAm by Standard & Poor's. TexPool is not registered with the Securities and Exchange Commission (SEC) as an investment company.

Investments in TexPool are carried at amortized cost and are reported as cash equivalents in the accompanying financial statements.

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. City policy requires that the risk of principal loss in the portfolio as a whole shall be minimized by diversifying investment types to eliminate the risk of loss from over-concentration of assets in a specific issuer, or a specific class of securities.

For investments, **custodial credit risk** is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The City's policy on safekeeping and custody requires that investments shall be secured through safekeeping agreements. All investment funds shall be placed directly with qualified financial institutions selected through the City's banking procurement process. All transactions shall be executed on a delivery versus payment basis.

City of Celina, Texas
Notes to Financial Statements
September 30, 2022

Note 4: Receivables

Proprietary Fund Receivables, Uncollectible Accounts, and Unearned Revenue

Significant receivables include amounts due from customers primarily for utility services. The Proprietary Fund reports accounts receivable net of an allowance for uncollectible accounts and revenues net of uncollectible amounts. The allowance amount is estimated using accounts receivable past due more than 60 to 90 days. Unearned revenue of \$3,830,867 in the proprietary fund represents grant proceeds received in advance related to the Coronavirus State and Local Fiscal Recovery Fund but have not yet been earned.

The following is the detail of the Proprietary Fund receivables and the related allowance for uncollectible accounts:

Accounts receivable, gross	\$ 3,768,233
Grants receivable	750,000
Less: allowance for uncollectible accounts	<u>(258,913)</u>
Net accounts receivable	<u><u>\$ 4,259,320</u></u>

Property Taxes Receivable, Unearned Revenues, and the Property Tax Calendar

Property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the City. Assessed value represents the appraisal value less applicable exemptions authorized by the City Council. The Appraisal Board of Review establishes appraised values at 100.00% for estimated market value. A tax lien attaches to the property on January 1 of each year, to secure the payment of all taxes, penalties and interest ultimately imposed for the year on that property, whether or not the taxes are imposed in the year the lien attaches. Taxes are due on October 1 immediately following the levy date and are delinquent after the following January 31st.

The property tax rate for the year ended September 30, 2022 was .645 per \$100 of the assessed valuation on taxable property.

The following is a summary of the overall tax rate as levied by fund:

Maintenance and operations – General Fund	.4294
Interest and sinking – Debt Service Fund	<u>.2156</u>
Total tax rate	<u><u>.6450</u></u>

City of Celina, Texas
Notes to Financial Statements
September 30, 2022

Note 4: Receivables (Continued)

In the governmental fund financial statements, property taxes are recorded as receivables in each of the respective funds on the tax levy date with appropriate allowances for estimated uncollectible amounts. At fiscal year-end, property tax receivables represent delinquent taxes. If delinquent taxes are not paid within 60 days of year-end, they are recorded as deferred inflows of resources – unavailable revenue.

In the government-wide financial statements, property taxes receivable and related revenue include all amounts due the City with a fifteen percent (15.00%) allowance for estimated uncollectible amounts regardless of when cash is received. Over time substantially all property taxes are collected.

Allowance for Uncollectible Taxes

The City records an allowance for uncollectible property taxes in order to estimate the amount of taxes that will ultimately prove to be uncollectible. Management has determined that an allowance in the amount of fifteen percent (15.00%) of the property taxes receivable in each of the applicable fund types should be adequate to provide for uncollectible property taxes. No provisions are made for uncollectible sales tax receivables, or grants receivable as management estimates that these amounts will be fully collectible.

Fines and Court Costs Receivable and Related Allowances

In the government-wide financial statements, the City records fines and court costs receivable net of amounts estimated to be uncollectible and net of any amounts that would be due to other governmental entities as a result of collection. Management has determined the estimate of uncollectible fines and court costs through an analysis of actual amounts collected subsequent to year end. Amounts due to other governmental entities have been determined based on distribution requirements of the State of Texas.

The following is the detail of the governmental fund receivables and the related allowance for uncollectible accounts:

	General Fund	Debt Service Fund	Bond Fund	Other Governmental Fund	Total Governmental Funds
Sales tax	\$ 651,288	\$ -	\$ -	\$ -	\$ 651,288
Property tax	168,089	82,087	-	-	250,176
EMS	831,297	-	-	-	831,297
Other	1,197,487	-	7,518	240,854	1,445,859
Less: Allowance for doubtful accounts	(1,257,939)	(12,313)	-	-	(1,270,252)
Total	<u>\$ 1,590,222</u>	<u>\$ 69,774</u>	<u>\$ 7,518</u>	<u>\$ 240,854</u>	<u>\$ 1,908,368</u>

City of Celina, Texas
Notes to Financial Statements
September 30, 2022

Note 5: Lease Receivable

The City leases a portion of its property to various cell phone companies who use the space to conduct their operations, the terms of which expire 2038 through 2049. The measurement of the lease receivable is based on the present value of lease payments expected to be received during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee.

The City recognized \$70,523 in lease revenue and \$99,164 in interest revenue during the current fiscal year related to this lease. As of September 30, 2022, the City's receivable for lease payments was \$2,879,425. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2022, the balance of the deferred inflow of resources was \$2,812,650.

The following is a schedule by year of minimum payments to be received under the City's leases that are included in the measurement of the lease receivable as of September 30, 2022:

Governmental Activities			
Year Ending September 30,	Principal	Interest	Total Receipts
2023	\$ 63,204	\$ 96,875	\$ 160,079
2024	67,718	94,797	162,515
2025	75,500	92,511	168,011
2026	81,806	89,972	171,778
2027	87,187	87,244	174,431
2028-2032	539,588	387,770	927,358
2033-2037	754,374	282,097	1,036,471
2038-2042	808,299	147,123	955,422
2043-2047	301,416	40,440	341,856
2048	100,333	4,345	104,678
Totals	<u>\$ 2,879,425</u>	<u>\$ 1,323,174</u>	<u>\$ 4,202,599</u>

City of Celina, Texas
Notes to Financial Statements
September 30, 2022

Note 6: Capital Assets

Capital asset activity for the year ended September 30, 2022, was as follows:

	Beginning	Increases	Decreases/Transfers	Ending
Governmental Activities				
Nondepreciable capital assets:				
Land	\$ 25,526,319	\$ 8,015,395	\$ -	\$ 33,541,714
Construction in progress	30,064,386	16,992,040	(5,734,582)	41,321,844
Total nondepreciable capital assets	<u>55,590,705</u>	<u>25,007,435</u>	<u>(5,734,582)</u>	<u>74,863,558</u>
Depreciable capital assets				
Buildings and improvements	19,386,943	-	853,609	20,240,552
Parks	12,477,170	-	63,000	12,540,170
Road infrastructure	74,317,482	12,294,280	4,790,612	91,402,374
Furniture and equipment	4,414,589	192,424	(49,988)	4,557,025
Vehicles	8,883,985	531,713	(533,619)	8,882,079
Total depreciable capital assets	<u>119,480,169</u>	<u>13,018,417</u>	<u>5,123,614</u>	<u>137,622,200</u>
Total capital assets	<u>175,070,874</u>	<u>38,025,852</u>	<u>(610,968)</u>	<u>212,485,758</u>
Less: accumulated depreciation				
Buildings and improvements	1,853,235	718,681	-	2,571,916
Parks	2,993,086	257,691	-	3,250,777
Road infrastructure	10,398,251	2,436,061	-	12,834,312
Furniture and equipment	2,923,228	541,101	(59,488)	3,404,841
Vehicles	3,859,394	1,094,253	(530,845)	4,422,802
Total accumulated depreciation	<u>22,027,194</u>	<u>5,047,787</u>	<u>(590,333)</u>	<u>26,484,648</u>
Capital assets, net	<u>\$ 153,043,680</u>	<u>\$ 32,978,065</u>	<u>\$ (20,635)</u>	<u>\$ 186,001,110</u>

City of Celina, Texas
Notes to Financial Statements
September 30, 2022

Note 6: Capital Assets (Continued)

	Beginning	Increases	Decreases/Transfers	Ending
Business-Type Activities				
Nondepreciable capital assets:				
Land	\$ 3,264,576	\$ 4,686,317	\$ -	\$ 7,950,893
Construction in progress	9,000,968	32,626,905	(5,575,627)	36,052,246
Total nondepreciable capital assets	12,265,544	37,313,222	(5,575,627)	44,003,139
Depreciable capital assets				
Buildings and improvements	43,769	-	-	43,769
Water & Sewer infrastructure	137,291,905	22,814,147	5,439,816	165,545,868
Vehicles	1,006,791	210,023	-	1,216,814
Equipment	1,826,869	471,308	-	2,298,177
Total depreciable capital assets	140,169,334	23,495,478	5,439,816	169,104,628
Total capital assets	152,434,878	60,808,700	(135,811)	213,107,767
Less: accumulated depreciation				
Buildings and improvements	31,186	1,094	-	32,280
Water & Sewer infrastructure	15,509,081	4,474,761	-	19,983,842
Vehicles	698,990	117,692	-	816,682
Equipment	719,371	106,481	-	825,852
Total accumulated depreciation	16,958,628	4,700,028	-	21,658,656
Capital assets, net	\$ 135,476,250	\$ 56,108,672	\$ (135,811)	\$ 191,449,111

Depreciation expense for governmental activities was charged to functions of the City as follows:

Administration	\$ 290,422
Fire and emergency services	914,740
Road infrastructure	3,083,628
Public works	11,369
Parks	259,940
Police department	64,030
Development services	398,854
Library	21,571
Court	3,233
Total	\$ 5,047,787

Depreciation expense recorded in business-type activities and the Proprietary Fund was \$4,700,028.

City of Celina, Texas
Notes to Financial Statements
September 30, 2022

Note 6: Capital Assets (Continued)

The City of Celina has active construction projects as of September 30, 2022. The projects include streets, water and wastewater, drainage, public safety, park, and general government improvements. At year-end, the City of Celina's commitments with contractors are as follows:

Project	Remaining Commitment
Water/wastewater improvements	\$ 7,835,961
Parks and recreation	1,532,549
Public safety	45,644,761
Drainage improvements	137,081
Road improvements	6,340,806
General government	2,011,482
	<u>\$ 63,502,640</u>

Note 7: Long-term Obligations

The following is a summary of long-term debt transactions for the City for the year ended September 30, 2022:

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
General obligation bonds	\$ 10,860,000	\$ -	\$ (850,000)	\$ 10,010,000	\$ 870,000
Tax and waterworks and sewer system certificates of obligation	103,695,000	31,275,000	(1,755,000)	133,215,000	2,605,000
	114,555,000	31,275,000	(2,605,000)	143,225,000	3,475,000
Issuance premium	8,840,984	4,033,597	(974,996)	11,899,585	1,168,363
Total bonds payable	123,395,984	35,308,597	(3,579,996)	155,124,585	4,643,363
Financed purchase	98,876	-	(98,876)	-	-
Compensated absences	1,291,717	273,413	(370,810)	1,194,320	298,580
Governmental activities Long-term debt	<u>\$ 124,786,577</u>	<u>\$ 35,582,010</u>	<u>\$ (4,049,682)</u>	<u>\$ 156,318,905</u>	<u>\$ 4,941,943</u>
Business-type Activities					
Bonds Payable					
General obligation bonds	\$ 845,000	\$ -	\$ (465,000)	\$ 380,000	\$ 380,000
Tax and waterworks and sewer system certificates of obligation	101,080,000	31,275,000	(3,015,000)	129,340,000	5,020,000
	101,925,000	31,275,000	(3,480,000)	129,720,000	5,400,000
Issuance premium	6,068,665	4,033,597	(742,961)	9,359,301	941,805
Total bonds payable	107,993,665	35,308,597	(4,222,961)	139,079,301	6,341,805
Note payable	925,526	-	(225,475)	700,051	225,474
Compensated absences	61,792	57,561	(28,957)	90,396	22,599
Business-type activities Long-term debt	<u>\$ 108,980,983</u>	<u>\$ 35,366,158</u>	<u>\$ (4,477,393)</u>	<u>\$ 139,869,748</u>	<u>\$ 6,589,878</u>

City of Celina, Texas
Notes to Financial Statements
September 30, 2022

Note 7: Long-term Obligations (Continued)

Long-term Obligations Supporting Governmental Activities

The government issues general obligation bonds and certificates of obligation to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and certificates of obligation have been issued for governmental activities and are direct obligations and pledge the full faith and credit of the government. These bonds and certificates generally are issued as serial bonds with equal amounts of principal maturing each year with maturities of 20 years. General obligation bonds and certificates of obligation are to be repaid with property taxes levied for debt service and recorded by the Debt Service fund. The City's borrowing capacity is restrained by maintaining the City's debt at a responsible level.

Interest expense for governmental activities was \$3,634,414 and is reported as a separate line item in the statement of activities.

Business-type Activities - Revenue Bonds

Revenue bonds consist of debt issued to support activities of the Proprietary (water and sewer) Fund. In addition to being backed by the full faith and credit of the City, revenue bonds are secured by a lien on and a pledge of the surplus revenues of the water and sewer system.

The City entered into an agreement during fiscal year 2020 with Marilee Special Utility District, formerly known as Gunter Special Utility District, for purchase of 2,225 acres of the Marilee CCN for a total of \$1,151,000. The City paid its second of five annual installments during fiscal year 22 totaling \$225,475.

Interest expense for business-type activities and the Proprietary (water and sewer) Fund was \$3,443,787 for the year.

Compensated absences are paid from the fund responsible for the employee's compensation with significant liabilities payable from the General Fund and Water and Sewer Fund.

City of Celina, Texas
Notes to Financial Statements
September 30, 2022

Note 7: Long-term Obligations (Continued)

Debt Service Requirements to Maturity

The annual debt service requirements to maturity for bonded debt are as follows at year end:

Year Ending September 30	Governmental Activities		
	Bond Principal	Bond Interest	Total Required
2023	\$ 3,475,000	\$5,149,131	\$ 8,624,131
2024	4,965,000	4,927,613	9,892,613
2025	5,315,000	4,724,969	10,039,969
2026	6,295,000	4,527,663	10,822,663
2027	6,945,000	4,262,450	11,207,450
2028-2032	38,775,000	16,648,856	55,423,856
2033-2037	39,805,000	9,983,125	49,788,125
2038-2042	28,015,000	4,552,075	32,567,075
2043	9,635,000	1,492,250	11,127,250
Totals	<u>\$ 143,225,000</u>	<u>\$ 56,268,132</u>	<u>\$ 199,493,132</u>

Year Ending September 30	Business-type Activities		
	Bond Principal	Bond Interest	Total Required
2023	\$5,400,000	\$5,042,961	\$ 10,442,961
2024	5,725,000	4,734,191	10,459,191
2025	5,655,000	4,484,319	10,139,319
2026	5,905,000	4,248,506	10,153,506
2027	6,155,000	3,983,769	10,138,769
2028-2032	34,760,000	15,860,019	50,620,019
2033-2037	37,355,000	9,343,238	46,698,238
2038-2042	19,130,000	4,197,031	23,327,031
2043	9,635,000	1,492,250	11,127,250
Totals	<u>\$ 129,720,000</u>	<u>\$ 53,386,284</u>	<u>\$ 183,106,284</u>

City of Celina, Texas
Notes to Financial Statements
September 30, 2022

Note 7: Long-term Obligations (Continued)

Current Year Bond Issuances

In January 2022, the City issued Tax and Waterworks and Sewer System Revenue Certificates of Obligation, Series 2022 in the amount of \$62,550,000 for the purpose of: (i) renovating, improving and equipping existing buildings or facilities; (ii) acquiring, constructing, improving, remodeling, renovating and equipping park facilities, including the acquisition of land, and rights-of-way and including public art projects and enhancements; (iii) designing, constructing, equipping, and improving public safety facilities, including the acquisition of land and rights-of-way and the acquisition of vehicles; (iv) constructing and improving streets, including drainage, landscaping, curbs, gutters, sidewalks, entryways, pedestrian pathways, signage and traffic signalization, and the acquisition of land and rights-of-way; (v) improving and extending the City's combined waterworks and sewer system, including the acquisition of land and rights-of-way. Interest will be payable semiannually on March 1 and September 1 of each year, commencing September 1, 2022. The bonds were issued with a premium of \$8,067,194.

Special Assessment Revenue Bond

From time to time the City issues Special Assessment Revenue Bonds. Total bond principal outstanding for these issues is \$247,208,000 at year-end. Proceeds of the bonds were deposited into trust accounts with U.S. Bank N.A. (U.S. Bank) for the purpose of funding improvements. U.S. Bank serves as trustee, for the benefit of the bond holders, for these funds as well as any and all other property or money of every name and nature, which is, from time-to-time hereafter by delivery or in writing of any kind, conveyed, pledged, assigned, or transferred to the trustee. The City has no direct or contingent liability or moral obligation for the payment of this debt, therefore this debt is not recorded as long-term debt of the City.

Note 8: Component Unit Debt Obligations

CEDC has the following debt obligation:

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Note Payable	\$ 759,985	\$ -	\$ 463,304	\$ 296,681	\$ 80,223

In March 2020, CEDC entered into a note payable agreement with Lamar National Bank in the principal amount of \$ 1,044,263 with a fixed rate of interest equal to 3.75% to refinance a loan with a predecessor bank. The note payable is unsecured but is expected to be paid out of the sales and use taxes that will be levied and collected by the City of Celina, Collin County, Texas pursuant to the *Development Corporation Act*, Chapter 501, 502 and 504 of the Texas Local Government Code. At September 30, 2022, the outstanding CEDC note balance was \$296,681.

City of Celina, Texas
Notes to Financial Statements
September 30, 2022

Note 8: Component Unit Debt Obligations (Continued)

The following is the annual debt service requirements to maturity for the note payable:

Year Ending September 30	Principal	Interest	Total Required
2023	80,223	24,812	\$ 105,035
2024	83,316	21,718	105,034
2025	86,529	18,504	105,033
2026	46,613	15,168	61,781
Totals	<u>\$ 296,681</u>	<u>\$ 116,814</u>	<u>\$ 413,495</u>

Note 9: Defined Benefit Pension Plan

Plan Description

The City of Celina, Texas participates as one of 901 plans in the defined benefit plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the *TMRS Act*, Subtitle G, Title 8, Texas Government Code (TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' s defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report that can be obtained at www.tmrs.com. All eligible employees of the City are required to participate in TMRS.

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75.00% of the member's deposits and interest.

City of Celina, Texas
Notes to Financial Statements
September 30, 2022

Note 9: Defined Benefit Pension Plan (Continued)

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

Employee deposit rate	7.0%
Matching ratio (City to Employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated service credit	0%
Annuity increase to retirees	0% of CPI

At the December 31, 2021, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	24
Inactive employees entitled to but not yet receiving benefits	139
Active employees	196
	359

Contributions

The contribution rates for employees in TMRS are either 5.00%, 6.00%, or 7.00% of employee gross earnings, and the City matching percentages are either 100.00%, 150.00% or 200.00%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees of the City were required to contribute 7.00% of their annual gross earnings during the fiscal year. The contribution rates for the City were 6.33% and 6.38% in calendar years 2022 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2022, were \$1,056,172 and were equal to the required contributions.

Net Pension Liability/(Asset)

The City's Net Pension Liability/(Asset) (NPL) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability/(Asset) was determined by an actuarial valuation as of that date.

City of Celina, Texas
Notes to Financial Statements
September 30, 2022

Note 9: Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

The Total Pension Liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75%, net of position plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a four-year set-forward for males and a three-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

City of Celina, Texas
Notes to Financial Statements
September 30, 2022

Note 9: Defined Benefit Pension Plan (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	35.00%	7.55%
Core Fixed Income	6.00%	2.00%
Non-Core Fixed Income	20.00%	5.68%
Other Public and Private Markets	12.00%	7.22%
Real Estate	12.00%	6.85%
Hedge Funds	5.00%	5.35%
Private Equity	10.00%	10.00%
Total	100.00%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A - B)
Balance at October 1, 2021	\$ 11,024,795	\$ 11,425,259	\$ (400,464)
Changes for the year:			
Service Cost	1,813,918		1,813,918
Interest	798,870		798,870
Difference between expected and actual experience	7,226		7,226
Contributions – employer		857,813	(857,813)
Contributions – employee		957,574	(957,574)
Net investment income		1,496,793	(1,496,793)
Benefit payments, including refunds of employee contributions	(193,295)	(193,295)	-
Administrative expense		(6,892)	6,892
Other changes	-	48	(48)
Net changes	2,426,719	3,112,041	(685,322)
Balance at September 30, 2022	\$ 13,451,514	\$ 14,537,300	\$ (1,085,786)

City of Celina, Texas
Notes to Financial Statements
September 30, 2022

Note 9: Defined Benefit Pension Plan (Continued)

Sensitivity of The Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1- percentage -point lower (5.75%) or 1- percentage-point higher (7.75%) than the current rate:

	1 % Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability (asset)	\$ 1,276,589	\$ (1,085,786)	\$ (2,979,426)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2022, the City recognized pension expense of \$655,750.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 8,329	\$ 50,669
Changes in actuarial assumptions	-	85
Difference between projected and actual investment earnings	-	752,897
Contributions subsequent to the measurement date	804,867	-
Total	\$ 813,196	\$ 803,651

City of Celina, Texas
Notes to Financial Statements
September 30, 2022

Note 9: Defined Benefit Pension Plan (Continued)

\$804,867 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as an increase in the net pension asset for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	Amount
2023	\$ (177,082)
2024	(295,095)
2025	(170,887)
2026	(153,219)
2027	961
Total	<u>\$ (795,322)</u>

Note 10: Postemployment Benefits Other Than Pensions (OPEB)

Plan description - The City maintains a single-employer defined benefit group-term life insurance plan known as the TMRS Supplemental Death Benefits Fund (SDBF). The plan is administered by the TMRS. This is a voluntary program in which the City elected, by ordinance, to provide group-term life insurance coverage for their active members, including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded other postemployment benefit (OPEB) plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph four of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*).

Benefits provided - The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500.

Employees Covered by Benefit Terms

At the December 31, 2021 actuarial valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	17
Inactive employees entitled to but not yet receiving benefits	18
Active employees	<u>196</u>
Total	<u><u>231</u></u>

City of Celina, Texas
Notes to Financial Statements
September 30, 2022

Note 10: Postemployment Benefits Other Than Pensions (OPEB) (Continued)

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers.

The City's SDBF contribution rate for all covered employees of the City in calendar years 2022 and 2021 was .10% and .11%, respectively. The City's contributions for all covered employees to the TMRS SDBF for the fiscal years ended September 30, 2022 and 2021, were \$17,093 and \$15,437, respectively, which equaled the required contributions for each year. The retiree portion of this contribution rate (OPEB portion) was 0.00% of covered payroll in calendar years 2022 and 2021.

Total OPEB Liability

The City's total OPEB liability (TOL) of \$235,328 was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Inflation	2.50% per year
Salary Increase	3.50% to 11.50% including inflation
Discount Rate	1.84% (2.00% in prior year)

Mortality rates for retirees and beneficiaries are based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements. For disabled annuitants, the mortality tables for healthy retirees is used with a four-year set-forward for males and a three-year set-forward for females. In addition, a 3.5 percent and 3 percent minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation.

City of Celina, Texas
Notes to Financial Statements
September 30, 2022

Note 10: Postemployment Benefits Other Than Pensions (OPEB) (Continued)

Discount Rate

The current year discount rate used to measure the total OPEB liability was 1.84% and was based upon the Fidelity Index's "20-year Municipal GO AA Index" rate as of December 31, 2021. The prior year discount rate used to measure the total OPEB liability was 2.00% and was based upon the Fidelity Index's "20-year Municipal GO AA Index" rate as of December 31, 2020.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at October 1, 2021	\$ 202,121
Changes for the year:	
Service cost	45,143
Interest on total OPEB liability	4,480
Differences between expected & actual experience	(24,423)
Changes in assumptions and other inputs	9,375
Benefit payments*	(1,368)
Net changes	<u>33,207</u>
Balance at September 30, 2022	<u><u>\$ 235,328</u></u>

*Due to the SBDF being considered an unfunded OPEB plan under GASB Statement No. 75, benefit payments are treated as being equal to the employer's yearly contribution for retirees.

The SDBF does not incur TMRS Administrative Expenses. The City is charged, and the administrative expenses are paid through the TMRS Defined Benefit Pension Plan recorded under GASB Statement No. 68.

City of Celina, Texas
Notes to Financial Statements
September 30, 2022

Note 10: Postemployment Benefits Other Than Pensions (OPEB) (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 1.84%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.84%) or 1-percentage-point higher (2.84%) than the current rate:

	1 % Decrease (0.84%)	Discount Rate (1.84%)	1% Increase (2.84%)
Total OPEB liability	\$ 306,653	\$ 235,328	\$ 183,668

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2022, the City recognized OPEB expense of \$53,791. At year-end, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 87	\$ 28,325
Changes in assumptions and other inputs	58,079	4,551
Contributions made subsequent to measurement date	12,715	-
Total	<u>\$ 70,881</u>	<u>\$ 32,876</u>

City of Celina, Texas
Notes to Financial Statements
September 30, 2022

Note 10: Postemployment Benefits Other Than Pensions (OPEB) (Continued)

\$12,715 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30:	Amount
2023	\$ 4,168
2024	4,168
2025	4,168
2026	4,168
2027	3,619
Thereafter	4,999
Total	<u>\$ 25,290</u>

Note 11: Deferred Compensation Plan

The City offers its employees a defined contribution, deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by ICMA Retirement Corporation, and the Trustee is VantageTrust Company. Benefit provisions are contained in the plan document and were established and can be amended by the action of City Council. All assets and income are held in trust for the exclusive benefit of participants and their beneficiaries; therefore, it is not reported in the financial statements of the City.

The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The City does not contribute to the plan.

City of Celina, Texas
Notes to Financial Statements
September 30, 2022

Note 12: Transfers and Payments Within the Reporting Entity

Transfers and Payments

Transfers and payments within the reporting entity are substantially for the purposes of funding capital projects and asset acquisitions, transferring bond proceeds between funds, or maintaining debt service on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various projects or programs. The following schedule reports transfers and payments within the reporting entity:

Fund	Transfers In	Transfers Out
General Fund	\$ 948,720	\$ (4,672,520)
Street Construction Fund	1,000,000	-
Bond Fund	22,897	(200,016)
Nonmajor Governmental Funds	3,649,624	-
Water and Sewer Fund	-	(748,705)
	<u>\$ 5,621,241</u>	<u>\$ (5,621,241)</u>

General Fund transfers-out is made up of four significant items. First, the City contributed to the Street Construction fund \$1 million during FY 2022. In addition, the General Fund transferred \$500,000 to the Stabilization Fund, \$2.30 million was transferred to the Capital Acquisitions fund for various projects, and \$849,624 was transferred to the City's Vehicle Replacement Program. Finally, non-Major Governmental funds include transfers from the General Fund and Parkland Fund, mainly for the procurement of capital outlay and improvements. Finally, bond fund transfers were to the general fund and were used for capital outlay.

Note 13: Contingencies

The City participates in various state and federal grant programs and contracts which are subject to financial and compliance audits by the grantors or their representatives. Audits of these programs for the year ended September 30, 2022, have not been conducted. Accordingly, the City's compliance with applicable grant and contract requirements will be established at some future date. The City expects that costs disallowed by these various awarding agencies, if any, would be minimal.

Note 14: Litigation

From time to time, the City is involved in litigation in the ordinary course of business. City management considers the likelihood of any material liability resulting from this litigation to be remote.

City of Celina, Texas
Notes to Financial Statements
September 30, 2022

Note 15: UTRWD Contractual Requirements

The City has entered into a Participating Member Contract with Upper Trinity Regional Water District (UTRWD) for the use of sewer capacity in the Northeast Regional Water Reclamation System (Doe Branch Plant). In return for the utilization of 1,320,000 gallons of capacity at the Doe Branch Plant, along with the interceptor project, the City will pay annual facilities charges to UTRWD ranging from \$810,335 to \$1,576,320 beginning in fiscal year 2016 and continuing through fiscal year 2028.

The following is a summary of the City's contractual requirements for future payments under the agreements with UTRWD by year for next five years and in total thereafter:

<u>Year Ending September 30,</u>	<u>Annual Requirement</u>
2023	\$ 1,579,710
2024	1,575,525
2025	1,575,935
2026	1,578,910
2027	1,576,130
Thereafter	<u>25,472,660</u>
Total required	<u><u>\$ 33,358,870</u></u>

Note 16: Future Accounting Pronouncements

The GASB has issued the following new statements to be implemented in future years.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94):

This statement addresses issues related to public-private and public-public partnership arrangements (PPPs) and availability payment arrangements (APAs). This statement will be effective for the City in fiscal year 2023. The City will evaluate the potential impact on the City's net position.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96):

This statement provides guidance on subscription-based information technology arrangements (SBITAs) to further report on government's obligations and assets from SBITAs. This statement will be effective for the City in fiscal year 2023. The City will evaluate the potential impact on the City's net position.

City of Celina, Texas
Notes to Financial Statements
September 30, 2022

Note 16: Future Accounting Pronouncements (Continued)

Statement No. 99, *Omnibus 2022* (GASB 99):

This statement improves comparability and consistency of application of accounting and financial reporting and also authoritative literature. This statement will be effective for the City in fiscal year 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62 (GASB 100):

This statement improves the clarity and requirements for accounting changes and error corrections. This statement will be effective for the City in fiscal year 2024. The City will evaluate the potential impact on the City's net position.

GASB Statement No. 101, *Compensated Absences* (GASB 101):

This statement addresses the recognition and measurement of compensated absences. This statement will be effective for the City in fiscal year 2025. The City will evaluate the potential impact on the City's net position.

Note 17: Subsequent Events

The City issued a Notice of Intention to Issue Certificates of Obligation in one or more series in the principal amount not to exceed ninety-eight million dollars (\$98,000,000) in January 2023. As of the date of this report, March 6, 2023, the bonds have not been sold.



Life Connected.

Required Supplementary Information



Life Connected.

City of Celina, Texas

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

Last Eight Fiscal Years

	Fiscal Year							
	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service Cost	\$ 1,813,918	\$ 1,587,716	\$ 1,389,740	\$ 1,074,389	\$ 760,238	\$ 634,724	\$ 477,763	\$ 349,532
Interest (on the Total Pension Liability)	798,870	653,756	532,994	434,173	356,068	297,354	246,793	204,236
Changes of benefit terms	-	-	-	-	-	-	-	-
Difference between expected and actual experience	7,226	(39,432)	(31,250)	6,080	(3,776)	(42,188)	(33,873)	11,213
Change of assumptions	-	-	(150)	-	-	-	164,970	-
Benefit payments, including refunds of employee contributions	(193,295)	(137,309)	(265,215)	(151,399)	(73,590)	(92,022)	(16,986)	(25,289)
Net Change in Total Pension Liability	2,426,719	2,064,731	1,626,119	1,363,243	1,038,940	797,868	838,667	539,692
Total Pension Liability – Beginning	11,024,795	8,960,064	7,333,945	5,970,702	4,931,762	4,133,894	3,295,227	2,755,535
Total Pension Liability – Ending	\$ 13,451,514	\$ 11,024,795	\$ 8,960,064	\$ 7,333,945	\$ 5,970,702	\$ 4,931,762	\$ 4,133,894	\$ 3,295,227
Plan Fiduciary Net Position								
Contributions – employer	\$ 857,813	\$ 772,210	\$ 650,019	\$ 504,822	\$ 357,923	\$ 241,159	\$ 188,960	\$ 96,209
Contributions – employee	957,574	835,640	717,947	558,331	393,323	325,261	258,850	201,034
Net Investment income	1,496,793	705,428	1,095,951	(190,540)	691,169	285,732	5,594	190,520
Benefit payments, including refunds of employee contributions	(193,295)	(137,309)	(265,215)	(151,399)	(73,590)	(92,022)	(16,986)	(25,289)
Administrative expense	(6,892)	(4,545)	(6,169)	(3,673)	(3,576)	(3,223)	(3,406)	(1,988)
Other	47	(177)	(185)	(191)	(181)	(174)	(168)	(163)
Net Change in Plan Fiduciary Net Position	3,112,041	2,171,247	2,192,348	717,350	1,365,068	756,733	432,844	460,323
Plan Fiduciary Net Position – Beginning	11,425,260	9,254,013	7,061,665	6,344,315	4,979,247	4,222,514	3,789,670	3,329,347
Plan Fiduciary Net Position – Ending	\$ 14,537,300	\$ 11,425,260	\$ 9,254,013	\$ 7,061,665	\$ 6,344,315	\$ 4,979,247	\$ 4,222,514	\$ 3,789,670
Net Pension Liability (Asset) – Ending	\$ (1,085,786)	\$ (400,465)	\$ (293,949)	\$ 272,280	\$ (373,613)	\$ (47,485)	\$ (88,620)	\$ (494,443)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	108.07%	103.63%	103.28%	96.29%	106.26%	100.96%	102.14%	115.00%
Covered Payroll	\$ 13,679,622	\$ 11,937,718	\$ 10,256,387	\$ 7,976,159	\$ 5,618,903	\$ 4,646,591	\$ 3,697,854	\$ 2,871,910
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-7.94%	-3.35%	-2.87%	3.41%	-6.65%	-1.02%	-2.40%	-17.22%

The information in this schedule has been determined as of the measurement date (December 31) of the City's net pension liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB 68, only periods for which such information is available are presented.

City of Celina, Texas

Schedule of Contributions

Last Eight Fiscal Years

	Fiscal Year							
	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,056,172	\$ 796,174	\$ 772,301	\$ 624,122	\$ 459,895	\$ 324,728	\$ 237,763	\$ 162,349
Contributions in relation to the actuarially determined contribution	1,056,172	796,174	772,301	624,122	459,895	324,728	237,763	162,349
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 16,654,068	\$ 12,371,440	\$ 11,996,779	\$ 9,844,203	\$ 7,245,746	\$ 5,230,520	\$ 4,486,771	\$ 3,388,197
Contributions as a percentage of covered payroll	6.34%	6.44%	6.44%	6.34%	6.35%	6.21%	5.30%	4.79%

Schedule Notes:

Valuation Dates:

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	N/A
Asset Valuation Method	10 year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes There were no benefit changes during the year.

The information in this schedule has been determined as of the City's most recent fiscal year-end and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB 68, only periods for which such information is available are presented.

City of Celina, Texas

Schedule of Changes in Total OPEB Liability and Related Ratios

Last Five Fiscal Years

	Actuarial Valuation and Measurement Date				
	December 31,				
	2021	2020	2019	2018	2017
Total OPEB Liability					
Service cost	\$ 45,143	\$ 35,813	\$ 21,538	\$ 19,940	\$ 12,362
Interest on the total OPEB liability	4,480	4,149	3,527	2,646	2,074
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	(24,423)	(3,930)	(5,434)	155	-
Changes in assumptions or other inputs	9,375	33,718	30,162	(8,000)	6,931
Benefit payments	(1,368)	(1,194)	(1,026)	-	-
Net Change in Total OPEB Liability	33,207	68,556	48,767	14,741	21,367
Total OPEB Liability – Beginning	202,121	133,565	84,798	70,057	48,690
Total OPEB Liability – Ending	<u>\$ 235,328</u>	<u>\$ 202,121</u>	<u>\$ 133,565</u>	<u>\$ 84,798</u>	<u>\$ 70,057</u>
Covered Payroll	\$ 13,679,622	\$ 11,937,718	\$ 10,256,387	\$ 7,976,159	\$ 5,618,903
Total OPEB Liability as a Percentage of Covered Payroll	1.72%	1.69%	1.30%	1.06%	1.25%

Schedule Notes:

Plan information:

Single-employer unfunded OPEB plan There are no assets accumulated in a trust that meets the criteria in GASB Statement No.75 paragraph four to pay related benefits.

Changes of assumptions:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	3.31%
2018	3.71%
2019	2.75%
2020	2.00%
2021	1.84%

Actuarial Valuation & Measurement Date: December 31

Significant actuarial assumptions used to measure the total OPEB liability:

Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Discount Rate	1.84% (Based on Fidelity Index's "20-year Municipal GO AA Index" rate as of 12/31/21). 2.00% in prior year.
Retiree's Share of Benefit-related Costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No.68
Mortality - Service Retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality - Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

*Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

The information in this schedule has been determined as of the measurement date (December 31) of the City's total OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB 75, only periods for which such information is available are presented.



Life Connected.

**Combining and Individual Fund Financial Statements
and Schedules**



Life Connected.

Major Governmental Funds



Life Connected.

Major Governmental Funds

General Fund

Debt Service Fund

Capital Projects Funds

General Fund - reports as the primary operating fund of the City. This fund is used to account for all financial resources not reported in other funds.

Debt Service Fund – accounts for the accumulation of financial resources for the payment of principal and interest on the City's general obligation debt. The City annually levies ad valorem taxes restricted for the retirement of general obligation bonds, capital leases, and interest. This fund reports all such ad valorem taxes collected.

Street Construction Fund – accounts for the financing and acquisition of major capital street projects. Fund resources are provided primarily through bond sales and interest earnings. This major governmental fund does not have a legally adopted budget.

Parkland Fees Fund – accounts for the financing and acquisition of major capital park projects. Fund resources are provided primarily through developer park contributions and grants.

Bond Fund – to account for the acquisition or construction of streets and other capital projects being financed through bond proceeds, or transfers from other funds.



Life Connected.

City of Celina, Texas
Budgetary Comparison Schedule (GAAP Basis)
Debt Service Fund
For the Year Ended September 30, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Ad valorem taxes	\$ 5,291,030	\$ 6,401,552	\$ 6,428,145	\$ 26,593
Interest	<u>25,000</u>	<u>25,000</u>	<u>42,288</u>	<u>17,288</u>
Total revenues	<u>5,316,030</u>	<u>6,426,552</u>	<u>6,470,433</u>	<u>43,881</u>
Expenditures				
Principal	2,605,000	2,605,000	2,605,000	-
Interest and Fiscal Charges	4,061,485	4,061,485	4,063,385	(1,900)
Bond issuance cost	<u>2,150</u>	<u>2,150</u>	<u>-</u>	<u>2,150</u>
Total expenditures	<u>6,668,635</u>	<u>6,668,635</u>	<u>6,668,385</u>	<u>250</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,352,605)</u>	<u>(242,083)</u>	<u>(197,952)</u>	<u>44,131</u>
Net Change in Fund Balance	(1,352,605)	(242,083)	(197,952)	44,131
Fund Balance, Beginning of Year	<u>2,166,835</u>	<u>2,166,835</u>	<u>2,166,835</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 814,230</u>	<u>\$ 1,924,752</u>	<u>\$ 1,968,883</u>	<u>\$ 44,131</u>



Life Connected.

Nonmajor Governmental Funds



Life Connected.

Nonmajor Governmental Funds

Roadway Impact Fees Fund – is used to account for fees paid by developers for construction of streets under the Roadway Impact Fees ordinance.

Capital Equipment Replacement Fund – to account for public safety capital replacements including vehicles and equipment.

Capital Acquisition Fund – established as a reserve fund for capital and smaller infrastructure needs. Funding is from transfers in from the General Fund.

Roadway Capital Recovery Fees Fund – to account for roadway capital recovery fees paid by developers to the City for roadway construction.

Technology Fund – to account for technology infrastructure improvements and computer hardware/software needs. Source of funding is from developer fees when obtaining building permits.

Stabilization Fund – Established to help the City maintain resiliency by ensuring adequate balance to cash flow requirements during economic turbulence.

Developer Capital Fees Fund – to account for Developer Fees paid to build capital projects per the agreements.

Court Special Revenue Fund – to account for the restricted Court fees to be used to pay for technology expenses and security expenses specific to the Court.

Other Special Revenue Funds – to account for various grants, PEG fees, hotel occupancy taxes, and other miscellaneous special revenues collected.

City of Celina, Texas
Combining Balance Sheet
Other Governmental Funds
September 30, 2022

	Roadway Impact Fees	Capital Equipment Replacement	Capital Acquisition	Roadway Capital Recovery Fees	Technology	Stabilization
Assets						
Cash and cash equivalents	\$ 5,858,919	\$ 4,586,872	\$ 3,129,304	\$ 7,106,745	\$ 711,363	\$ 1,513,254
Accounts receivable	-	-	-	-	-	-
Lease receivable	-	-	-	-	-	-
Prepays	-	-	-	-	-	-
Total assets	\$ 5,858,919	\$ 4,586,872	\$ 3,129,304	\$ 7,106,745	\$ 711,363	\$ 1,513,254
Liabilities						
Accounts payable	\$ 111,072	\$ -	\$ 24,314	\$ 365,108	\$ 12,990	\$ -
Total liabilities	111,072	-	24,314	365,108	12,990	-
Deferred Inflows of Resources						
Lease related	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances						
Nonspendable						
Prepays and inventory	-	-	-	-	-	-
Restricted for						
Capital projects	5,747,847	-	-	6,741,637	-	-
Law enforcement	-	-	-	-	-	-
Courts	-	-	-	-	-	-
PEG	-	-	-	-	-	-
Hotel	-	-	-	-	-	-
Technology	-	-	-	-	698,373	-
Assigned	-	4,586,872	3,104,990	-	-	1,513,254
Unassigned	-	-	-	-	-	-
Total fund balances	5,747,847	4,586,872	3,104,990	6,741,637	698,373	1,513,254
Total liabilities and fund balances	\$ 5,858,919	\$ 4,586,872	\$ 3,129,304	\$ 7,106,745	\$ 711,363	\$ 1,513,254

City of Celina, Texas
Combining Balance Sheet (Continued)
Other Governmental Funds
September 30, 2022

Developer Capital Fees	Court Special Revenue	Other Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 1,907,941	\$ 148,846	\$ 1,837,074	\$ 26,800,318
-	-	240,854	240,854
-	-	2,879,425	2,879,425
-	-	21,553	21,553
<u>\$ 1,907,941</u>	<u>\$ 148,846</u>	<u>\$ 4,978,906</u>	<u>\$ 29,942,150</u>
66,000	\$ -	\$ 11,617	\$ 591,101
<u>66,000</u>	<u>-</u>	<u>11,617</u>	<u>591,101</u>
-	-	2,812,650	2,812,650
<u>-</u>	<u>-</u>	<u>2,812,650</u>	<u>2,812,650</u>
-	-	21,553	21,553
1,841,941	-	1,920,426	16,251,851
-	-	120,031	120,031
-	148,846	-	148,846
-	-	68,964	68,964
-	-	23,665	23,665
-	-	-	698,373
-	-	-	9,205,116
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,841,941</u>	<u>148,846</u>	<u>2,154,639</u>	<u>26,538,399</u>
<u>\$ 1,907,941</u>	<u>\$ 148,846</u>	<u>\$ 4,978,906</u>	<u>\$ 27,129,500</u>

City of Celina, Texas
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Other Governmental Funds
For the Fiscal Year Ended September 30, 2022

	Roadway Impact Fees	Capital Equipment Replacement	Capital Acquisition	Roadway Capital Recovery Fees	Technology	Stabilization
Revenues						
Special events and donations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Impact and capital recovery fees	3,554,843	-	-	2,186,894	-	-
Other income	-	-	-	1,261,523	395,100	-
Interest	40,544	33,310	10,007	56,679	5,509	10,419
Intergovernmental	-	-	2,250,000	-	-	-
Federal, state, and local grants	-	-	-	-	-	-
Total revenues	3,595,387	33,310	2,260,007	3,505,096	400,609	10,419
Expenditures						
Current						
Administration	-	-	-	-	250,386	-
Development services	-	-	-	61,500.00	-	-
Public works	177,554	-	151,238	-	-	-
Police department	-	-	-	-	-	-
Main street project	-	-	-	-	-	-
Capital Outlay	729,436	308,365	2,424,375	2,656,565	-	-
Total expenditures	906,990	308,365	2,575,613	2,718,065	250,386	-
Excess (deficiency) of revenues over (under) expenditures	2,688,397	(275,055)	(315,606)	787,031	150,223	10,419
Other Financing Sources (Uses)						
Sale of capital assets	-	36,221	-	-	-	-
Transfers in	-	849,624	2,300,000	-	-	500,000
Total other financing sources (uses)	-	885,845	2,300,000	-	-	500,000
Net Change in Fund Balances	2,688,397	610,790	1,984,394	787,031	150,223	510,419
Fund Balances, Beginning of Year	3,059,450	3,976,082	1,120,596	5,954,606	548,150	1,002,835
Fund Balances, End of Year	\$ 5,747,847	\$ 4,586,872	\$ 3,104,990	\$ 6,741,637	\$ 698,373	\$ 1,513,254

City of Celina, Texas
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (Continued)
Other Governmental Funds
For the Fiscal Year Ended September 30, 2022

Developer Capital Fees	Court Special Revenue	Other Special Revenue Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 26,604	\$ 26,604
636,485	-	-	6,378,222
-	15,715	1,573,761	3,246,099
3,282	1,182	12,207	173,139
-	-	-	2,250,000
-	-	1,926	1,926
<u>639,767</u>	<u>16,897</u>	<u>1,614,498</u>	<u>12,075,990</u>
-	-	140,886	391,272
224,526	-	-	286,026
-	-	-	328,792
-	-	39,802	39,802
-	-	36,325	36,325
-	-	-	6,118,741
<u>224,526</u>	<u>-</u>	<u>217,013</u>	<u>7,200,958</u>
<u>415,241</u>	<u>16,897</u>	<u>1,397,485</u>	<u>4,875,032</u>
-	-	-	36,221
-	-	-	3,649,624
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,685,845</u>
415,241	16,897	1,397,485	8,560,877
<u>1,426,700</u>	<u>131,949</u>	<u>757,154</u>	<u>17,977,522</u>
<u>\$ 1,841,941</u>	<u>\$ 148,846</u>	<u>\$ 2,154,639</u>	<u>\$ 26,538,399</u>



Life Connected.

**Discretely Presented Component Units
Financial Statements**



Life Connected.

City of Celina, Texas
Balance Sheet – Celina Economic Development Corporation
Discretely Presented Component Unit
September 30, 2022

Assets

Cash and cash equivalents	\$ 2,540,312
Sales tax receivable	<u>325,644</u>
Total assets	<u>2,865,956</u>

Liabilities

Accounts payable	49,987
Accrued salaries and benefits	<u>32,286</u>
Total liabilities	<u>82,273</u>

Fund Balance

Restricted for economic development	<u>2,783,683</u>
Total fund balance	<u><u>\$ 2,783,683</u></u>

Amounts reported for governmental activities in the statement of net position are different because:

Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.	<u>(296,681)</u>
Net position of governmental activities	<u><u>\$ 2,487,002</u></u>

City of Celina, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balance
Celina Economic Development Corporation
Discretely Presented Component Unit
Year Ended September 30, 2022

Revenues	
Sales tax	\$ 1,774,943
Miscellaneous	3,000
Unrestricted investment earnings	41,641
Total general revenues	1,819,584
Expenditures	
Economic development	1,226,454
Total expenditures	1,226,454
Change in Fund Balance	593,130
Fund Balance – Beginning of Year	2,190,553
Fund Balance – End of Year	\$ 2,783,683
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balance	\$ 593,130
Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position	463,304
Change in net position of governmental activities	\$ 1,056,434

City of Celina, Texas
Balance Sheet - Celina Community Development Corporation
Discretely Presented Component Unit
September 30, 2022

Assets

Cash and cash equivalents	\$ 2,007,194
Sales tax receivable	<u>325,644</u>

Total assets	<u>2,332,838</u>
--------------	------------------

Fund Balance/Net Position

Restricted for economic development	<u>2,332,838</u>
-------------------------------------	------------------

Total fund balance/net position	<u><u>\$ 2,332,838</u></u>
---------------------------------	----------------------------

City of Celina, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balance
Celina Community Development Corporation
Discretely Presented Component Unit
Year Ended September 30, 2022

Revenues	
Sales tax	\$ 1,774,943
Unrestricted investment earnings	<u>16,812</u>
Total general revenues	<u>1,791,755</u>
Expenditures	
Community development	<u>2,250,000</u>
Total expenditures	<u>2,250,000</u>
Change in Fund Balance/Net Position	(458,245)
Fund Balance/Net Position – Beginning of Year	<u>2,791,083</u>
Fund Balance/Net Position – End of Year	<u><u>\$ 2,332,838</u></u>

Statistical Section (Unaudited)



Life Connected.

Statistical Section

This section of the City of Celina's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the City's overall financial health. This information has not been audited by the independent auditor.

Contents	Table Numbers
<i>Financial Trends</i> These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1-5
<i>Revenue Capacity</i> These tables contain information to help the reader assess the City's two most significant revenue sources-property and sales taxes.	6-9
<i>Debt Capacity</i> These tables present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	10-14
<i>Economic and Demographic Information</i> These tables offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	15-16
<i>Operating Information</i> These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides.	17-19

Source: Unless otherwise noted, the information in these tables is derived from the City's past audit reports for the relevant year.



Life Connected.

City of Celina, Texas
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

Table 1

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
Net Investment in capital assets	\$ 7,800,853	\$ 7,667,954	\$ 8,693,312	\$ 13,138,978	\$ 13,184,763	\$ 32,376,605	\$ 20,672,418	\$ 51,424,407	\$ 83,742,420	\$ 102,946,241
Restricted	2,560,845	4,535,511	4,675,044	5,340,173	5,848,514	6,361,057	3,979,639	4,925,334	13,176,802	19,290,037
Unrestricted	2,086,188	3,900,225	6,325,979	7,893,951	11,575,127	10,218,998	30,927,875	25,553,066	28,745,889	39,072,195
Total governmental activities net position	12,447,886	16,103,690	19,694,335	26,373,102	30,608,404	48,956,660	55,579,932	81,902,807	125,665,111	161,308,473
Business-type Activities										
Net Investment in capital assets	7,485,220	9,589,572	11,575,656	12,078,113	13,079,265	18,675,162	30,124,340	54,394,479	55,835,300	89,549,445
Restricted	-	-	-	-	-	-	-	44,092	56,065	152,009
Unrestricted	887,007	1,103,837	2,120,144	1,733,702	3,171,397	5,862,371	10,028,343	16,804,092	50,683,069	60,358,870
Total business-type activities net position	8,372,227	10,693,409	13,695,800	13,811,815	16,250,662	24,537,533	40,152,683	71,242,663	106,574,434	150,060,324
Primary Government										
Net Investment in capital assets	15,286,073	17,257,526	20,268,968	25,217,091	26,264,028	51,051,767	50,796,758	105,818,886	139,577,720	192,495,686
Restricted	2,560,845	4,535,511	4,675,044	5,340,173	5,848,514	6,361,057	3,979,639	4,969,426	9,401,692	19,442,046
Unrestricted	2,973,195	5,004,062	8,446,123	9,627,653	14,746,524	16,081,369	40,956,218	42,357,158	83,260,133	99,431,065
Total primary government net position	\$ 20,820,113	\$ 26,797,099	\$ 33,390,135	\$ 40,184,917	\$ 46,859,066	\$ 73,494,193	\$ 95,732,615	\$ 153,145,470	\$ 232,239,545	\$ 311,368,797

City of Celina, Texas
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

Table 2

	Fiscal Year				
	2013	2014	2015	2016	2017
Expenses					
Governmental activities					
Administration	\$ 950,109	\$ 1,203,576	\$ 1,170,613	\$ 1,592,794	\$ 2,624,918
Judicial	79,863	88,531	84,853	102,803	155,521
Fire and emergency services	1,541,465	1,213,416	1,453,477	1,957,077	2,414,778
Development services	417,119	708,220	529,067	683,599	887,990
Public works	515,098	725,922	824,527	1,080,661	1,104,523
Police Department	803,634	806,191	1,114,266	1,532,829	1,877,574
Parks and Recreation	556,654	448,202	886,212	1,084,077	1,263,538
Library	134,625	134,815	140,104	152,664	169,326
Infrastructure	203,273	202,699	198,868	211,300	353,119
Bond issuance costs	135,388	26,869	70,510	65,279	55,176
Main street program	399,992	72,326	-	-	-
Interest and fiscal charges	457,748	585,469	635,090	710,249	787,001
Total governmental activities expenses	6,194,968	6,216,236	7,107,587	9,173,332	11,693,464
Business Type Activities					
Water, sewer and sanitation services	3,464,334	3,496,782	4,284,806	8,508,496	10,811,473
Total business-type activities expenses	3,464,334	3,496,782	4,284,806	8,508,496	10,811,473
Total primary government expenses	9,659,302	9,713,018	11,392,393	17,681,828	22,504,937
Program Revenues					
Governmental activities					
Charges for services	1,113,468	2,082,694	3,755,293	4,265,112	6,391,343
Operating grants/contributions	-	61,432	214,115	368,784	356,258
Capital grants/contributions	2,344,763	2,403,093	625,237	2,578,809	1,011,625
Total governmental activities program revenues	3,458,231	4,547,219	4,594,645	7,212,705	7,759,226
Business-type Activities					
Charges for services					
Water, sewer and sanitation services	4,781,510	6,154,311	7,518,331	10,057,113	13,590,654
Capital grants/contributions	-	-	45,289	800,100	-
Total business-type activities program revenues	4,781,510	6,154,311	7,563,620	10,857,213	13,590,654
Total primary governmental program revenues	8,239,741	10,701,530	12,158,265	18,069,918	21,349,880
Net (Expense) Revenues					
Governmental activities	(2,736,737)	(1,668,747)	(2,512,942)	(1,960,627)	(3,934,238)
Business-type activities	1,317,176	2,657,529	3,278,811	2,348,717	2,779,181
Total primary government program revenues net expenses	(1,419,561)	988,782	765,869	388,090	(1,155,057)
General Revenues and Other Changes in Net Position					
Governmental Activities					
Taxes					
Ad valorem	3,129,835	3,333,015	3,739,841	4,458,401	5,362,919
Sales	384,289	505,221	603,949	733,881	958,350
Franchise	325,167	320,805	364,763	429,102	370,949
Other	636,943	817,733	438,820	671,241	985,322
Unrestricted investment earnings	-	-	-	-	-
Transfers	345,000	348,050	395,000	2,346,769	492,000
Contributions from component unit	-	-	-	-	-
Total governmental activities	4,821,234	5,324,824	5,542,373	8,639,394	8,169,540
Business-type activities					
Other	38,126	11,703	39,470	114,067	151,666
Grants not restricted to specific programs	-	-	-	-	-
Transfers	(325,000)	(348,050)	(395,000)	(2,346,769)	(492,000)
Total business-type activities	(286,874)	(336,347)	(355,530)	(2,232,702)	(340,334)
Total primary governmental revenues	4,534,360	4,988,477	5,186,843	6,406,692	7,829,206
Changes in Net Position					
Governmental activities	2,084,497	3,656,077	3,029,431	6,678,767	4,235,302
Business-type activities	1,030,302	2,321,182	2,923,281	116,015	2,438,847
Total primary government program net expenses	\$ 3,114,799	\$ 5,977,259	\$ 5,952,712	\$ 6,794,782	\$ 6,674,149

City of Celina, Texas
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

Table 2 (Continued)

	Fiscal Year				
	2018	2019	2020	2021	2022
Expenses					
Governmental activities					
Administration	\$ 3,305,724	\$ 3,613,202	\$ 4,676,077	\$ 5,295,666	\$ 6,478,575
Judicial	173,809	169,960	166,725	204,724	193,302
Fire and emergency services	2,898,525	4,516,435	5,406,951	5,912,755	6,620,651
Development services	1,812,852	2,844,946	6,177,019	7,529,485	8,535,165
Public works	5,760,436	1,625,818	2,888,942	2,636,498	2,097,180
Police Department	2,598,590	3,219,436	3,729,439	4,627,454	5,178,526
Parks and Recreation	1,284,123	1,480,614	1,853,913	1,886,673	1,883,123
Library	230,781	231,803	252,721	244,058	317,775
Infrastructure	823,826	1,010,684	-	-	-
Bond issuance costs	59,285	61,612	-	828,202	301,079
Main street program	-	1,953,396	142,972	75,898	36,325
Interest and fiscal charges	840,645	-	1,752,515	1,492,701	3,333,335
Total governmental activities expenses	19,788,596	20,727,906	27,047,274	30,734,113	34,975,036
Business Type Activities					
Water, sewer and sanitation services	12,887,075	14,811,593	17,188,107	19,876,311	22,337,443
Total business-type activities expenses	12,887,075	14,811,593	17,188,107	19,876,311	22,337,443
Total primary government expenses	32,675,671	35,539,499	44,235,381	50,610,424	57,312,479
Program Revenues					
Governmental Activities					
Charges for Services	7,865,830	11,837,197	13,048,290	25,842,056	32,332,998
Operating Grants/Contributions	201,610	1,291,079	2,764,624	3,636,696	2,347,930
Capital Grants/Contributions	20,365,689	180,890	15,870,800	19,822,044	10,081,541
Total Governmental Activities Program Revenues	28,433,129	13,309,166	31,683,714	49,300,796	44,762,469
Business-type Activities					
Charges for services					
Water, sewer and sanitation services	16,506,407	21,133,549	26,722,197	41,304,183	43,119,619
Capital grants/contributions	3,432,870	-	23,622,709	13,904,905	22,459,804
Total business-type activities program revenues	19,939,277	21,133,549	50,344,906	55,209,088	65,579,423
Total primary governmental program revenues	48,372,406	34,442,715	82,028,620	104,509,884	110,341,892
Net (Expense) Revenues					
Governmental activities	8,644,533	(7,418,740)	4,636,440	18,566,683	9,787,433
Business-type activities	7,052,202	6,321,956	33,156,799	35,332,777	43,241,980
Total primary government program revenues net expenses	15,696,735	(1,096,784)	37,793,239	53,899,460	53,029,413
General Revenues and Other Changes in Net Position					
Governmental Activities					
Taxes					
Ad valorem	7,464,462	9,856,619	10,679,289	12,892,450	16,242,263
Sales	1,150,663	1,248,168	1,823,693	2,652,260	3,213,081
Franchise	420,352	516,777	602,603	602,037	783,188
Other	1,613,911	2,027,855	4,654,145	8,714,771	3,951,136
Unrestricted investment earnings	-	-	-	-	917,556
Transfers	(907,706)	527,000	2,752,921	334,103	748,705
Contributions from component unit	-	-	1,173,784	-	-
Total governmental activities	9,741,682	14,176,419	21,686,435	25,195,621	25,855,929
Business-type activities					
Other	332,227	1,124,765	686,102	333,097	776,837
Grants not restricted to specific programs	-	-	-	-	215,778
Transfers	907,706	(527,000)	(2,752,921)	(334,103)	(748,705)
Total business-type activities	1,239,933	597,765	(2,066,819)	(1,006)	243,910
Total primary governmental revenues	10,981,615	14,774,184	19,619,616	25,194,615	26,099,839
Changes in Net Position					
Governmental activities	18,386,215	6,757,679	26,322,875	43,762,304	35,643,362
Business-type activities	8,292,135	6,919,721	31,089,980	35,331,771	43,485,890
Total primary government program net expenses	\$ 26,678,350	\$ 13,677,400	\$ 57,412,855	\$ 79,094,075	\$ 79,129,252

City of Celina, Texas
Government Activities – Tax Revenues by Source
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

Table 3

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Total
2013	\$ 3,154,251	\$ 384,289	\$ 325,167	\$ 3,863,707
2014	\$ 3,314,591	\$ 505,221	\$ 320,805	\$ 4,140,617
2015	\$ 3,754,816	\$ 603,949	\$ 364,763	\$ 4,723,528
2016	\$ 4,453,862	\$ 733,881	\$ 429,102	\$ 5,616,845
2017	\$ 5,374,888	\$ 958,350	\$ 370,949	\$ 6,704,187
2018	\$ 7,454,528	\$ 1,150,663	\$ 420,352	\$ 9,025,543
2019	\$ 9,856,619	\$ 1,248,168	\$ 516,777	\$ 11,621,564
2020	\$ 10,679,289	\$ 1,823,693	\$ 602,603	\$ 13,105,585
2021	\$ 12,892,450	\$ 2,652,260	\$ 602,037	\$ 16,146,747
2022	\$ 16,242,263	\$ 3,213,081	\$ 783,188	\$ 20,238,532



Life Connected.

City of Celina, Texas
Fund Balances – Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

Table 4

	Fiscal Year				
	2013	2014	2015	2016	2017
General Fund					
Nonspendable					
Prepays	\$ -	\$ 20,784	\$ 19,941	\$ 2,230	\$ 3,013
Unassigned	2,187,130	3,037,176	4,585,888	7,130,005	6,562,842
	<u>2,187,130</u>	<u>3,037,176</u>	<u>4,585,888</u>	<u>7,130,005</u>	<u>6,562,842</u>
Total general fund	<u>\$ 2,187,130</u>	<u>\$ 3,057,960</u>	<u>\$ 4,605,829</u>	<u>\$ 7,132,235</u>	<u>\$ 6,565,855</u>
All Other Government Funds					
Nonspendable					
Prepays and inventory	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for					
Debt service	515,274	541,370	646,075	901,524	1,369,343
Capital projects	6,144,848	10,880,463	7,021,861	7,083,988	13,033,951
Law enforcement	-	-	-	-	-
Courts	-	-	-	-	-
Grants	-	-	-	-	-
PEG	-	-	-	-	-
Hotel	-	-	-	-	-
Technology	-	-	-	-	-
Assigned for use in specific funds	-	-	-	-	-
Unassigned	-	-	-	-	168,342
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>168,342</u>
Total all other governmental funds	<u>\$ 6,660,122</u>	<u>\$ 11,421,833</u>	<u>\$ 7,667,936</u>	<u>\$ 7,985,512</u>	<u>\$ 14,571,636</u>

City of Celina, Texas
Fund Balances – Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

Table 4 (Continued)

	Fiscal Year				
	2018	2019	2020	2021	2022
General Fund					
Nonspendable					
Prepays and inventory	\$ 7,322	\$ 14,827	\$ 5,786	\$ 227,911	\$ 41,181
Unassigned	8,903,854	10,924,630	8,860,057	16,328,612	23,421,150
Total general fund	<u>\$ 8,911,176</u>	<u>\$ 10,939,457</u>	<u>\$ 8,865,843</u>	<u>\$ 16,556,523</u>	<u>\$ 23,462,331</u>
All Other Government Funds					
Nonspendable					
Prepays and inventory	\$ -	\$ -	\$ -	\$ 873,057	\$ 894,610
Restricted for					
Debt service	1,813,530	2,497,665	2,228,648	2,166,835	1,968,883
Capital projects	29,063,864	30,026,311	19,963,891	65,461,702	87,464,361
Law enforcement	-	22,542	25,833	36,620	120,031
Courts	-	114,323	122,992	131,949	148,846
Grants	-	10,948	25,727	12,955	-
PEG	-	90,354	46,708	58,548	68,964
Hotel	-	-	12,823	14,835	23,665
Technology	-	-	-	548,150	698,373
Assigned for use in specific funds	-	7,973,971	9,269,049	10,935,124	16,040,078
Unassigned	623,156	58,548	58,548	-	-
Total all other governmental funds	<u>\$ 31,500,550</u>	<u>\$ 40,794,662</u>	<u>\$ 31,754,219</u>	<u>\$ 80,239,775</u>	<u>\$ 107,427,811</u>

City of Celina, Texas

Change in Fund Balances – Governmental Funds

Last Ten Fiscal Years (Unaudited)

Table 5

	Fiscal Year				
	2013	2014	2015	2016	2017
Revenues					
Property taxes	\$ 3,154,251	\$ 3,314,591	\$ 3,754,816	\$ 4,453,862	\$ 5,374,888
Franchise taxes	325,167	320,805	364,763	429,102	370,949
Sales taxes	384,289	505,221	603,949	733,881	958,350
Permits/inspection fees	455,454	1,321,510	1,767,856	2,357,289	3,959,914
Component unit contributions	320,000	170,000	320,000	200,000	200,000
Development fees	124,743	239,739	924,249	509,870	1,245,943
Developer contributions	-	-	-	-	-
Fire Department/EMS fees	174,678	196,753	241,005	910,360	817,691
Fines	197,248	155,962	254,370	283,758	209,806
Special events and donations	142,682	305,430	221,696	373,421	250,214
Park fees	161,345	169,000	602,626	2,215,582	1,178,028
Impact and capital recovery fees	-	-	-	-	-
Other income	85,140	296,867	92,349	397,657	508,311
Interest income	63,021	90,424	111,901	111,776	183,077
Grants	2,344,763	2,404,258	519,701	518,784	1,570
Total revenues	7,932,781	9,490,560	9,779,281	13,495,342	15,258,741
Expenditures					
Administration	870,419	1,106,865	1,133,574	1,458,673	2,433,180
Judicial	79,863	88,531	84,853	99,803	153,213
Fire and EMS	1,057,979	1,083,464	1,316,275	1,731,896	2,041,407
Development services	417,119	702,862	524,712	675,267	868,862
Public works	508,439	505,659	806,788	1,023,572	943,895
Police department	741,361	770,254	1,046,160	1,414,488	1,688,094
Parks and Rec	349,742	443,625	667,908	819,539	959,343
Library	134,625	135,315	140,857	153,752	165,768
Main street	135,388	26,869	70,510	65,279	55,176
Capital outlay	3,977,688	1,421,925	5,253,351	8,542,536	3,656,718
Debt service					
Principal retirement	500,525	510,445	678,366	841,124	1,005,685
Interest and fiscal charges	490,987	610,693	669,480	724,025	782,253
Bond issuance costs	399,992	72,326	-	-	74,569
Total expenditures	9,664,127	7,478,833	12,392,834	17,549,954	14,828,163
Excess (deficiency) of revenues over (under) expenditures	(1,731,346)	2,011,727	(2,613,553)	(4,054,612)	430,578
Other Financing Sources (Uses)					
Sales of Assets	26,100	15,279	12,525	41,825	634,597
Capital Leases	30,752	-	-	-	-
Bond premium	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-
Payments to refunding bond escrow agent	-	-	-	-	-
Note/Bond Proceeds	5,719,585	3,257,485	-	4,510,000	4,462,569
Contributions from component unit	-	-	-	-	-
Capital contributions	-	-	-	-	-
Transfers in (out)	345,000	348,050	395,000	2,346,769	492,000
Total other financing sources (uses)	6,121,437	3,620,814	407,525	6,898,594	5,589,166
Net Changes in Fund Balances	\$ 4,390,091	\$ 5,632,541	\$ (2,206,028)	\$ 2,843,982	\$ 6,019,744
Debt Service as a percentage of Non-Capital Expenditures	23.09%	23.05%	23.27%	21.03%	19.21%

City of Celina, Texas

Change in Fund Balances – Governmental Funds

Last Ten Fiscal Years (Unaudited)

Table 5 (Continued)

	Fiscal Year				
	2018	2019	2020	2021	2022
Revenues					
Property taxes	\$ 7,454,528	\$ 9,864,233	\$ 10,747,355	\$ 12,777,734	\$ 16,208,733
Franchise taxes	420,352	516,777	602,603	602,037	783,188
Sales taxes	1,150,663	1,248,168	1,823,693	2,652,260	3,213,081
Permits/inspection fees	5,982,027	6,716,762	8,643,113	16,190,503	17,466,229
Component unit contributions	200,000	360,000	-	-	-
Development fees	119,344	110,486	232,805	2,737,506	865,154
Developer contributions	-	180,890	119,478	111,126	103,646
Fire Department/EMS fees	1,031,818	1,075,263	1,627,366	1,214,615	2,575,378
Fines	142,332	137,299	138,339	95,995	169,647
Special events and donations	165,188	129,814	131,482	281,433	279,990
Park fees	1,624,159	2,855,844	2,343,250	5,295,776	4,565,744
Impact and capital recovery fees	-	-	-	6,429,565	6,378,222
Other income	1,427,017	1,765,739	3,643,263	1,918,669	3,935,550
Interest income	436,017	1,031,375	995,261	366,537	917,556
Grants	1,610	808,276	2,764,624	3,636,696	2,347,930
Total revenues	20,155,055	26,800,926	33,812,632	54,310,452	59,810,048
Expenditures					
Administration	3,036,201	3,451,032	4,252,519	4,561,954	6,684,391
Judicial	172,610	166,197	163,761	181,964	193,302
Fire and EMS	2,445,213	3,930,238	4,490,395	4,974,980	5,705,911
Development services	1,787,306	2,799,375	3,674,903	5,211,399	5,052,683
Public works	5,604,030	1,411,826	2,707,462	2,388,149	2,085,811
Police department	2,374,037	2,935,005	3,513,316	4,339,652	5,114,496
Parks and Rec	978,479	1,104,513	1,376,035	1,789,800	1,623,183
Library	230,090	229,797	245,418	242,967	296,204
Main street	59,285	61,612	62,944	75,898	36,325
Capital outlay	3,837,902	14,435,482	25,537,609	34,750,342	28,047,957
Debt service					
Principal retirement	1,436,110	2,028,202	2,912,011	3,340,200	2,605,000
Interest and fiscal charges	908,016	2,151,331	2,057,217	2,012,300	4,063,385
Bond issuance costs	146,002	-	-	828,202	301,079
Total expenditures	23,015,281	34,704,610	50,993,590	64,697,807	61,809,727
Excess (deficiency) of revenues over (under) expenditures	(2,860,226)	(7,903,684)	(17,180,958)	(10,387,355)	(1,999,679)
Other Financing Sources (Uses)					
Sales of Assets	-	-	-	-	36,221
Capital Leases	-	340,818	-	-	-
Bond premium	-	-	-	6,595,450	4,033,597
Issuance of refunding bonds	-	-	-	7,290,000	-
Payments to refunding bond escrow agent	-	-	-	(7,882,414)	-
Note/Bond Proceeds	23,042,167	18,014,140	-	60,285,000	31,275,000
Contributions from component unit	-	-	1,173,784	-	-
Capital contributions	-	-	140,196	-	-
Transfers in (out)	(907,706)	527,000	2,752,921	334,103	748,705
Total other financing sources (uses)	22,134,461	18,881,958	4,066,901	66,622,139	36,093,523
Net Changes in Fund Balances	\$ 19,274,235	\$ 10,978,274	\$ (13,114,057)	\$ 56,234,784	\$ 34,093,844
Debt Service as a percentage of Non-Capital Expenditures	14.05%	25.98%	19.52%	17.87%	19.81%

City of Celina, Texas
Assessed Value of Taxable Property
(Per \$100 of Assessed Value)
Last Ten Fiscal Years (Unaudited)

Table 6

Fiscal Year	Land/Improvements	Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value^a
2013	\$ 492,268,497	\$ 28,803,142	\$ 38,276,037	\$ 482,795,602
2014	\$ 527,994,375	\$ 25,373,941	\$ 44,142,297	\$ 509,226,019
2015	\$ 575,171,296	\$ 29,266,740	\$ 48,889,169	\$ 555,548,867
2016	\$ 734,250,874	\$ 34,259,626	\$ 106,840,408	\$ 661,670,092
2017	\$ 951,809,128	\$ 39,416,023	\$ 117,402,829	\$ 873,822,322
2018	\$ 1,191,727,090	\$ 49,306,703	\$ 132,932,108	\$ 1,108,101,685
2019	\$ 1,641,821,879	\$ 57,224,752	\$ 194,483,109	\$ 1,504,563,522
2020	\$ 2,013,074,011	\$ 71,064,516	\$ 217,620,776	\$ 1,866,517,751
2021	\$ 2,518,491,508	\$ 79,119,287	\$ 288,467,439	\$ 2,309,143,356
2022	\$ 4,149,225,535	\$ 93,068,477	\$ 363,000,813	\$ 3,879,293,199

Source: Collin County Central Appraisal District and Denton County Appraisal District

Notes: Property is reassessed annually at actual value; therefore, the assessed values are equal to the actual values. Tax rates are per \$100 of assessed value.

^a Includes adjustments to certified rolls. Fiscal Year reports Certified Tax Report from prior calendar year

City of Celina, Texas
Direct and Overlapping Property Tax Rates
(Per \$100 of Assessed Value)
Last Ten Fiscal Years (Unaudited)

Table 7

City Direct Rates Overlapping Rates 								
Fiscal Year	Operating/ General Rate	General Obligation Debt Service	Total Direct	Celina ISD	Prosper ISD	Collin County	Denton County	Collin County Community College
2013	0.4755	0.1695	0.6450	1.6400	1.6700	0.2400	0.2849	0.0863
2014	0.4652	0.1834	0.6486	1.6400	1.6700	0.2375	0.2722	0.0836
2015	0.4327	0.2123	0.6450	1.6400	1.6700	0.2350	0.2620	0.0820
2016	0.4335	0.2115	0.6450	1.6400	1.6700	0.2250	0.2484	0.0820
2017	0.4233	0.2217	0.6450	1.6400	1.6700	0.2250	0.2378	0.0820
2018	0.4278	0.2172	0.6450	1.6400	1.6700	0.1922	0.2255	0.0798
2019	0.4537	0.1913	0.6450	1.6400	1.6700	0.1808	0.2253	0.0812
2020	0.4531	0.1919	0.6450	1.5489	1.5684	0.1750	0.2250	0.0812
2021	0.4294	0.2156	0.6450	1.4832	1.4927	0.1725	0.2331	0.0812
2022	0.4294	0.2156	0.6450	1.4409	1.4603	0.1681	0.2331	0.0812

Source: Collin County Appraisal District and Denton County Appraisal District

City of Celina, Texas
Principal Property Tax Payers
Current Year and Nine Years Ago (Unaudited)
(Total \$)

Table 8

Taxpayer	2022			Taxpayer	2013		
	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value		Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
Celina Residences LLC	\$ 31,490,716	1	0.81%	FINI Enterprises Inc	\$ 6,145,926	1	1.27%
M/I Homes of DFW LLC	25,960,740	2	0.67%	TXI Operations LP	4,056,109	2	0.84%
CRP/AR Pose Frontier Owner LP	24,676,501	3	0.64%	Brookshire Grocery Co	3,916,538	3	0.81%
Celina 682 Partners	23,837,412	4	0.61%	Celina Town Center Ltd	3,885,687	4	0.80%
Nexmetro Parkway LP	22,424,695	5	0.58%	SRB Partners LLC	3,810,670	5	0.79%
Highland Homes	18,102,391	6	0.47%	All Storage Celina LLC	3,300,000	6	0.68%
All Storage Celina LLC	17,315,091	7	0.45%	BNSF RR Co	3,195,196	7	0.66%
Lilyana Phase 4 LLC	15,513,434	8	0.40%	Bobcat Crossing LTD	3,089,780	8	0.64%
First Texas Homes Inc	14,368,968	9	0.37%	19 FM LTD	3,060,112	9	0.63%
Celina Real Estate LLC	10,850,562	10	0.28%	Celina Crossing NO 1 LP	2,430,430	10	0.50%
Total	\$ 204,540,510		5.27%	Total	\$ 36,890,448		7.64%

Source: Collin County Appraisal District

Notes: Tax Payers are assessed on January 1, 2021 for the 2022 fiscal year and January 1, 2012 for the 2013 fiscal year.

The majority of the property taxes are collected in Collin County; therefore, those principal taxpayers are shown above.

City of Celina, Texas
Property Tax Levies and Collections
(Unaudited)

Table 9

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2013	\$ 3,165,953	\$ 3,106,333	98.12%	\$ 73,041	3,165,953	100.00%
2014	\$ 3,324,379	\$ 3,267,776	98.30%	\$ 59,620	3,324,379	100.00%
2015	\$ 3,776,218	\$ 3,629,138	96.11%	\$ 56,603	3,776,218	100.00%
2016	\$ 4,483,759	\$ 4,261,734	95.05%	\$ 147,080	4,483,759	100.00%
2017	\$ 5,579,944	\$ 5,396,743	96.72%	\$ 222,025	5,579,944	100.00%
2018	\$ 7,659,627	\$ 7,129,348	93.08%	\$ 183,201	7,659,628	100.00%
2019	\$ 10,770,158	\$ 10,292,771	95.57%	\$ 530,280	10,770,157	100.00%
2020	\$ 12,058,075	\$ 11,897,363	98.67%	\$ 477,386	11,990,656	99.44%
2021	\$ 14,855,572	\$ 14,758,839	99.35%	\$ 93,293	14,758,839	99.35%
2022	\$ 18,919,351	\$ 18,838,343	99.57%	\$ -	18,838,343	99.57%

Source: Collin County Tax Assessor Collector and Denton County Tax Assessor Collector

Note: A portion of the above property tax goes toward repayment of Special Assessment Revenue Bonds related to the Public Improvement Districts (PID) and is not recorded in the City's financial statements.

City of Celina, Texas

Ratio of Outstanding Debt by Type Last Ten Fiscal Years (Unaudited)

Table 10

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	% of Personal Income	Per Capita*
	General Obligation Bonds	Certificate of Obligation	Capital Lease	Bond Premiums	Other Obligations	General Obligation Bonds	Certificate of Obligation	Bond Premiums	Other Obligations	Note Payable			
2013	5,042,372	11,866,865	-	-	27,080	5,452,494	2,313,136	-	-	-	24,701,947	6.43%	\$ 3,826
2014	4,952,607	14,531,170	-	-	12,228	5,127,393	4,393,829	-	-	-	29,017,227	6.98%	\$ 4,321
2015	4,606,322	14,211,317	-	-	-	4,558,678	5,798,682	-	45,957	-	29,220,956	N/A	\$ 4,184
2016	4,249,490	18,237,025	-	-	-	3,965,510	26,047,975	-	18,704	-	52,518,704	13.97%	\$ 6,836
2017	3,880,431	22,013,573	-	-	-	3,359,570	30,731,425	-	-	-	59,984,999	11.13%	\$ 5,818
2018	9,342,795	36,860,000	-	-	-	2,185,000	59,620,000	-	-	-	108,007,795	17.27%	\$ 8,251
2019	7,995,000	52,890,000	-	-	-	1,750,000	76,675,000	-	-	-	139,310,000	15.53%	\$ 7,880
2020	7,115,000	50,940,200	185,405	2,816,179	-	1,305,000	74,769,800	4,331,683	-	1,151,000	142,614,267	12.69%	\$ 6,655
2021	10,860,000	103,695,000	98,876	8,840,984	-	845,000	101,080,000	6,068,665	-	925,526	232,414,051	19.14%	\$ 9,225
2022	10,010,000	133,215,000	-	11,899,585	-	380,000	129,340,000	9,359,301	-	700,051	294,903,937	N/A	\$ 9,275

Source: City of Celina Audit Reports

N/A - Information not available for the most current year

Notes: Details regarding the City's outstanding debt is found in the notes to the financial statements. Bond premiums and Capital Lease were included beginning in fiscal year 2020 and will be included on a go forward basis.

*See Table 15 for personal income and population data

City of Celina, Texas
Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years
(Unaudited)

Table 11

Fiscal Year	Assessed Property Value (1)	Gross Bonded Debt (2)	% Bonded Debt to Assessed Property Value	Bonded Debt Per Capita
2013	\$ 492,268,497	24,701,947	5.02%	\$ 3,826
2014	\$ 527,994,375	29,017,227	5.50%	\$ 4,321
2015	\$ 575,171,296	29,220,956	5.08%	\$ 4,184
2016	\$ 734,250,874	52,518,704	7.15%	\$ 6,836
2017	\$ 951,809,129	59,984,999	6.30%	\$ 5,818
2018	\$ 1,191,727,090	108,007,795	9.06%	\$ 8,251
2019	\$ 1,641,821,879	139,310,000	8.49%	\$ 7,880
2020	\$ 2,013,074,011	141,277,862	7.02%	\$ 6,593
2021	\$ 2,309,143,356	231,389,649	10.02%	\$ 9,184
2022	\$ 3,879,293,199	294,203,886	7.58%	\$ 9,253

Source: (1) Collin County Appraisal District/Denton County Appraisal District
(2) Schedule of Bonds Payable and Total bonds for fiscal year

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. The amounts presented are net of bond premiums.

See Table 15 for population data.

City of Celina, Texas
Legal Debt Margin Information Last Ten Fiscal Years
(Unaudited)

Table 12

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Tax rate limit	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
Current tax rate	<u>0.6450</u>	<u>0.6486</u>	<u>0.6450</u>	<u>0.6450</u>	<u>0.6450</u>	<u>0.6450</u>	<u>0.6450</u>	<u>0.6450</u>	<u>0.6450</u>	<u>0.6450</u>
Available tax rate	<u>\$ 1.86</u>	<u>\$ 1.85</u>	<u>\$ 1.86</u>	<u>\$ 1.86</u>	<u>\$ 1.86</u>	<u>\$ 1.86</u>	<u>\$ 1.86</u>	<u>\$ 1.86</u>	<u>\$ 1.86</u>	<u>\$ 1.86</u>

Notes: The City Charter of the City of Celina, Texas does not provide for a debt limit. Under provisions of state law, the maximum tax rate is limited to \$2.50 per \$100 assessed valuation. No direct bond debt limitation is imposed on the City under current state law.

City of Celina, Texas
Direct and Overlapping Governmental Activities Debt
As of September 30, 2022
(Unaudited)

Table 13

Governmental Unit	Gross Bonded Debt	% of Debt Applicable to Area^a	Celina Share of Overlapping Debt
Debt Repaid with Property Taxes			
Celina ISD	\$ 298,930,000	52.09%	\$ 155,712,637
Collin County	543,645,000	0.67%	3,642,422
Collin County CCD	498,565,000	0.67%	3,340,386
Denton County	559,930,000	0.20%	1,119,860
Prosper ISD	<u>1,365,089,138</u>	<u>7.45%</u>	<u>101,699,141</u>
Subtotal, overlapping debt	3,266,159,138		265,514,445
City of Celina (direct debt)	155,124,585	100%	<u>155,124,585</u>
Total direct and overlapping debt			<u>\$ 420,639,030</u>

Notes: Details regarding the City's outstanding debt is found in the notes to the financial statements. The amounts presented are net of bond premiums.

- ^a The percentage of overlapping debt applicable is estimated using taxable assessed property values (before freeze loss). Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

City of Celina, Texas
Pledged Revenue Coverage
As of September 30, 2022 (Unaudited)
Last Ten Fiscal Years

Table 14

Water and Sewer System Revenue Bonds



Fiscal Year	Total Revenue^a	Less: Operating Expense^b	Net Available Revenue	Annual Requirement^c	Times Coverage
2013	\$ 4,819,636	\$ 2,720,198	\$ 2,099,438	\$ 559,408	3.75
2014	\$ 6,164,464	\$ 2,690,720	\$ 3,473,744	\$ 808,862	4.29
2015	\$ 7,557,801	\$ 3,326,739	\$ 4,231,062	\$ 1,158,447	3.65
2016	\$ 10,171,180	\$ 7,059,651	\$ 3,111,529	\$ 1,697,450	1.83
2017	\$ 13,742,320	\$ 8,982,382	\$ 4,759,938	\$ 1,892,430	2.52
2018	\$ 20,271,504	\$ 10,604,055	\$ 9,667,449	\$ 1,520,733	6.36
2019	\$ 22,258,314	\$ 10,927,759	\$ 11,330,555	\$ 3,398,343	3.33
2020	\$ 27,408,299	\$ 11,652,539	\$ 15,755,760	\$ 4,880,253	3.23
2021	\$ 41,637,280	\$ 14,304,459	\$ 27,332,821	\$ 7,419,169	2.53
2022	\$ 44,328,012	\$ 13,891,799	\$ 30,436,213	\$ 10,442,961	2.91

^a Includes operating revenues and investment income

^b Includes operating expenses minus depreciation

^c Includes Principal and Interest (represents average annual requirement)

City of Celina, Texas
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Table 15

Fiscal Year	Estimated Population^a	Personal Income^b	Per Capita Income^c	Average Household Income^d	School Enrollment^e	Unemployment Rate^f
2013	6,457	\$ 355,283,511	\$ 55,023	N/A	2,035	5.4%
2014	6,715	\$ 384,339,740	\$ 57,236	N/A	2,075	4.4%
2015	6,984	\$ 415,771,488	\$ 59,532	\$ 124,375	2,201	3.6%
2016	7,683	N/A	N/A	\$ 124,375	2,353	3.8%
2017	10,310	\$ 376,036,630	\$ 36,473	\$ 124,375	2,425	3.2%
2018	13,090	\$ 538,967,660	\$ 41,174	\$ 124,375	2,568	3.3%
2019	17,680	\$ 625,394,640	\$ 35,373	\$ 124,375	2,723	3.3%
2020	21,430	\$ 896,974,080	\$ 35,373	\$ 134,428	2,831	3.2%
2021	25,195	\$ 1,124,175,705	\$ 41,856	\$ 142,444	3,429	3.4%
2022	31,796	\$ 1,214,149,104	\$ 49,928	\$ 164,900	3,932	5.6%

^a **Source:** North Central Texas Council of Governments April 2021 publication

^b **Source:** Personal Income calculated by multiplying estimated population by per capita income.

^c **Source:** Celina Independent School District

^d **Source:** Texas Workforce Commission calendar year 2021 for Collin County

^e **Source:** North Central Council of Governments for 2021

^f **Source:** North Central Council of Governments and U.S. Census Bureau

City of Celina, Texas
Top Employers
Fiscal Year Ended September 30, 2022 (Unaudited)

Table 16

2022		2016	
Major Employers in Celina, Texas		Major Employers in Celina, Texas	
Employer	# of Employees	Employer	# of Employees
Celina ISD	532	Celina ISD	330
City of Celina	243	City of Celina	84
Gold Star Team - Keller Williams	175	Brookshire	70
Settlers Ridge Care Center	100	Chemtrade Logistics	27
Brookshire	63	Independent Bank	20
Chemtrade Logistics	30	Dickerson	31
CAD/CAM Svc Inc	25	Celina Ready Mix	16
Redi-Mix Inc	25	Texas Star Bank	10
Texas Seasons Nursery	21		
Grace Bridge	20		

Source: Respective entities

City of Celina, Texas
Full Time Equivalent City Government Employees by Function/Program
As of September 30, 2022 (Unaudited)
Last Ten Fiscal Years

Table 17

Function/Program	Dept.	Fiscal Year									
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
GIS	101	N/A	N/A	N/A	N/A	N/A	N/A	1	1	2	2
Facilities	102	N/A	N/A	N/A	N/A	N/A	N/A	1	1	2	2
Information Technology	103	N/A	N/A	N/A	N/A	N/A	N/A	3	2	1	3
Finance	104	N/A	N/A	N/A	N/A	N/A	N/A	8	7	9	10
Library	105	2	2	2	3	2.5	3.5	3.5	3.5	2.5	5
City Secretary	106	1	1	1	2	3	4	2	1	1	2
Development Services	107	5	6	6	9	10	16	20	18	23	29
Administration	108	4	4	5	6	6	9	4	5	7	7
Municipal Court	109	1	1	1	1	2	2	3	2	2	2
Fire and EMS	110	11	11	11	16	19	22	41	41	42	46
Streets*	111	4	4	6	7	7	7	7	5	5	7
Police	112	8	8	12	17	19	21	27	30	33	46
Parks	113	4	4	5	5	7	7	8	7	11	14
Community Relations/Marketing	114	N/A	N/A	1	1	1	1	1	2	4	5
Engineering	115	N/A	N/A	N/A	4	6	6	9	8	13	15
Human Resources	116	N/A	N/A	N/A	N/A	N/A	N/A	2	3	3	3
Main Street	127	1	1	1	1	1	1	1	1	N/A	N/A
Total general fund		41	42	51	72	84	100	142	138	160	198
Water*	118	4	4	8	10	10.5	14	14	12	17	22
Wastewater*	119	2	2	3	4	5.5	7	8	7	7	12
Utility billing	120	N/A	N/A	N/A	N/A	3.5	N/A	3	3	5	6
Fleet	125	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1
Drainage/Stormwater*	124	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4
Total water and wastewater fund		6	6	11	14	19.5	21	25	22	29	45
Total FTE – all funds		47	48	62	86	103	121	167	160	189	243

*Public works

* Public works

City of Celina, Texas

Operating Indicators by Function

Last Ten Fiscal Years

(Unaudited)

Table 18

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police										
Number of police officers	8	8	12	16	20	21	27	30	30	46
Average response time (in minutes)	7	6	6	6	6	5	8	9	6	10
Calls for service	12,839	10,882	18,322	18,414	13,422	14,852	17,231	20,402	18,537	18,374
Fire										
Number of calls answered	870	892	932	946	1,174	1,422	1,516	1,686	1,992	2,385
Number of firefighters	-	9	9	14	15	19	41	41	41	46
Number of EMS runs	477	480	457	521	641	704	796	885	1,093	1,353
Development Services										
Number of inspections	N/A	N/A	5,000	9,350	34,628	40,009	46,069	49,018	67,542	69,870
Total number of permits issued (all types)	N/A	N/A	1,126	1,688	3,021	2,925	2,548	2,908	4,296	3,783
Municipal Court										
Number of new cases filed	N/A	1,271	1,803	2,520	2,000	1,214	1,260	1,258	870	1,485
Fines & fees collected	N/A	259,496	311,869	471,843	400,000	222,750	196,932	211,828	183,228	284,663
Streets										
Miles of streets*	N/A	124	138	154	213	241	352	370	382	279
Miles of storm sewer	N/A	31	35	39	48	48	67	82	108	110
Acres of drainage right of way	N/A	7	8	9	9	9	9	11	15	15
Regulatory and warning signs	N/A	594	660	733	753	800	880	947	1,247	1,620
Water										
Gallons of water treated (in million gal.)	N/A	365	446	508	671	792	815	959	1,192	1,631
Miles of water lines	N/A	90	100	112	134	168	175	184	212	228
Number of valves	N/A	1,514	1,666	1,833	2,504	3,581	4,060	4,585	5,888	8,754
Number of fire hydrants	N/A	517	569	626	998	1,352	1,415	1,536	1,928	2,735
Number of water meters	N/A	2,986	3,351	3,875	4,598	5,948	6,862	8,135	9,908	10,754
Wastewater										
Gallons of WW treated (in million gal.)	N/A	132	147	85	180	209	229	194	199	179
Miles of sewer lines	N/A	61	67	74	94	122	138	142	168	174
Number of lift stations	N/A	13	12	11	11	11	11	11	11	11
Utilities										
Number of active customers	2,497	2,860	3,337	3,902	4,584	5,955	6,862	8,141	9,957	11,426
Number of new customers	569	956	1,273	1,597	2,054	2,464	2,682	3,764	1,465	1,469

*City Maintained, Before 2022, the number reported was miles of streets within the ultimate City boundary, which included streets maintained by City, County, State, and private entities.

Source: City Departments

City of Celina, Texas
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years
(Unaudited)

Table 19

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	1	1	1	1	1	1	1	2	2	2
Library	1	1	1	1	1	1	1	1	1	1
Parks and Recreation										
Park Acreage	115.7	115.7	145.7	164.7	164.7	164.7	215.9	436.3	472	472
Public Parks	3	3	3	3	3	3	3	3	3	3
Streets										
Miles of Streets	N/A	124	138	154	213	241	352	370	382	279
Water and Wastewater										
Miles of Water Lines	N/A	90	100	112	134	168	175	184	212	228
Miles of Sewer Lines	N/A	61	67	74	94	122	138	142	168	168
Number of Lift Stations	N/A	13	12	11	11	11	11	11	11	11

Source: City Departments



Life Connected.



14241 Dallas Parkway, Suite 1100 / Dallas, TX 75254

P 972.702.8262 / F 972.702.0673

forvis.com

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

The Honorable Mayor and
Members of the City Council
City of Celina
Celina, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Celina, Texas (City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 6, 2023, which contained an emphasis of matter paragraph regarding a change in accounting principle.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Internal Control over Financial Reporting

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FORVIS, LLP

**Dallas, Texas
March 6, 2023**



Life Connected.

